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FBIS-EAS-95-006 CONTENTS *10 January 1995*

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INTER-ASIAN AFFAIRS

ASEAN Countries Agree on Mid-December Meeting *[THE NATION 7 Jan]* 1
Cambodia's Observer Status in ASEAN Viewed *[THE SUNDAY NATION 8 Jan]* 1
* Reportage on East ASEAN Growth Area Meeting 2
    * $200 Million in Business Cooperation *[BISNIS INDONESIA 18 Nov]* 2
    * China, Australia To Cooperate *[BISNIS INDONESIA 19 Nov]* 3
Accord Reached on Resources in Mekong Basin *[THE SUNDAY NATION 8 Jan]* 4

NORTHEAST ASIA

Japan

U.S., Japanese Officials Discuss Washington Summit *[KYODO]* 5
Murayama Arrives in Washington 10 Jan *[KYODO]* 5
    Hopes Talks Will Benefit Asia *[KYODO]* 6
    Plans To Discuss Deregulation *[KYODO]* 6
    To Oppose WWII Ceremony Invitation *[ASAHI SHIMBUN 8 Jan]* 6
Japan, U.S. Seek Enhanced Bilateral Relations 7
    Open Markets With 'Dejima' Formula *[NIHON KEIZAI SHIMBUN 28 Dec]* 7
    Tokyo's Future Diplomatic Role *[NIHON KEIZAI SHIMBUN 29 Dec]* 9
    Seeking Allies Among Opponents *[NIHON KEIZAI SHIMBUN 30 Dec]* 10
    Need To Revise Bilateral Relations *[NIHON KEIZAI SHIMBUN 31 Dec]* 11
* U.S. Foreign Policy Examined, Criticized *[VOICE Dec]* 12
Article Criticizes U.S. 'Trade First' Policy *[NIHON KEIZAI SHIMBUN 5 Nov]* 17
Accord With U.S. on Financial Services Announced *[KYODO]* 20
    Takemura on Implications *[KYODO]* 20
Basic Guidelines for Deregulation Plan Decided *[NIHON KEIZAI SHIMBUN 7 Jan]* 21
75 Items Listed for Study on Deregulation *[NIHON KEIZAI SHIMBUN 8 Jan]* 22
Talks With U.S. on Technology Access Set 11 Jan *[KYODO]* 22
Tough Negotiations Expected in FSX Talks *[NIHON KEIZAI SHIMBUN 8 Jan]* 22
Changing Nature of Trade Issues in WTO Viewed *[NIHON KEIZAI SHIMBUN 26 Nov]* 23
Reportage on Visiting Mexican Foreign Secretary 25
    Meets With Bank Directors *[Mexico City NOTIMEX]* 25
    Requests Aid From Private Banks *[KYODO]* 26
    Further on Gurria, Kono Talks *[KYODO]* 26
    Secures $1 Billion Loan *[KYODO]* 26
    Meets With Businessmen *[Mexico City NOTIMEX]* 27
    Hopes Peso Will Stabilize *[KYODO]* 28
Keidanren To Support Mahathir's EAEC Concept *[YOMIURI SHIMBUN 6 Jan]* 29
Security, Nuclear Dialogue Expected With PRC *[SANKEI SHIMBUN 8 Jan]* 29
Bank To Extend $2 Billion Untied Loan To China *[KYODO]* 30
JDA To Form New Intelligence Gathering Group *[KYODO]* 30
Diet Session Opening Officially Set for 20 Jan *[KYODO]* 30
Kono, Kaifu Interviewed on Future Policies *[TOKYO SHIMBUN 4 Jan]* 30
Hata Interviewed on Political Reform Issue *[RONZA 20 Dec]* 32
Party Leaders on Current Political Situation *[Tokyo TV]* 35
SDPJ's Kubo To Table Party-Salvaging Plan *[KYODO]* 36
Deindustrialization Seen Promoting Interdependence *[ASAHI SHIMBUN 27 Nov]* 37

North Korea

Senator Dole's Remarks on Agreement Criticized *[KCNA]* 38
U.S. Scholar's Assessment of Agreement Denounced *[KCNA]* 39
Paper Criticizes ROK's 'Globalization' Plans *[KCNA]* 39
Foreigners Urge Demolition of 'Concrete Wall' *[KCNA]* 40
Kim Yong-sam Group's 'Nation-Selling Acts' Noted *[Pyongyang Radio]* 40
Commentary Denounces Japan's Militarist Ideology *[Pyongyang Radio]* 41
Foreign State, Party Leaders on Korean Cause *[KCNA]* 43
Envoys Visit Mauritanian, Nicaraguan Leaders *[KCNA]* 43
Japanese Journal Publishes Work of Kim Il-song *[KCNA]* 43
Kim Il-song's 'Reminiscences' Published Abroad *[KCNA]* 43
Zimbabwean Figures Visit Kim Il-song Portrait *[KCNA]* 43
Poems Express Reverence for Kim Il-song *[KCNA]* 44
Foreign Heads of State Greet Kim Chong-il *[KCNA]* 44
Romanian, Pakistani Papers on Kim Chong-il Work *[KCNA]* 44
Kim Chong-il Honored by Russian Association *[KCNA]* 44
Kim Chong-il Sends Thanks for Army-People Unity 45
    Anbyon, Kangwon, Sosong Groups *[KCNA]* 45
    South Pyongan, Nampo Groups *[KCNA]* 45
Trade Union Leader Supports New Year Editorial *[KCNA]* 45
National Economy 'Upsurge in Production' Reported *[KCNA]* 45
Tongrim Cooperative Farm Holds Challenge Meeting *[KCNA]* 46

South Korea

KEDO Meeting Agrees on ROK-Style Reactors *[YONHAP]* 46
Seoul Asked To Make Public Reactor Details *[KYONGHYANG SINMUN 9 Jan]* 46
Officials Cited on KEDO Draft Contract *[YONHAP]* 47
'ROK-Type' Reactors, Seoul Leading Role Urged *[HANGUK ILBO 10 Jan]* 47
Kim Presented Operational Plan on N-S Issues *[KYONGHYANG SINMUN 10 Jan]* 48
NSP Head Speculates on Kim Chong-il Succession *[YONHAP]* 48
University Applies To Contact North Universities *[CHOSON ILBO 9 Jan]* 49
Firm Asked To Arrange Tourist Trip to DPRK *[CHUNGANG ILBO 9 Jan]* 49
    DPRK 'Hopes To Draw' 10,000 *[YONHAP]* 49
U.S. Embassy Cited on Lifting Sanctions on North *[Seoul Radio]* 49
Change Foreseen in Foreign Policy Toward U.S. *[SEOUL SINMUN 9 Jan]* 50
Yi Hong-ku Views Ties With DPRK, U.S. *[Berlin DIE WELT 9 Jan]* 51
Assembly Forms South-U.S. Parliamentary Council *[CHOSON ILBO 9 Jan]* 54
Ministry on 'Record of Understanding' With U.S. *[YONHAP]* 54
Former Japanese Prime Minister Meets President *[KYODO]* 54
    Meets With Foreign Minister Kong *[YONHAP]* 55
Seoul Decides To Seek Compensation From EU *[YONHAP]* 55
Ambassador 'Amassing' Support for WTO Post *[YONHAP]* 55
Foreign Investment in Stock, Bonds Analyzed *[YONHAP]* 56
Probe Ordered on Conditions for Alien Workers *[YONHAP]* 57
Parties Agree on Extra Parliamentary Session *[YONHAP]* 57
DP's Leader Yi Reiterates Intention To Resign *[YONHAP]* 57
* Article Speculates on Kim Yong-sam's Successor *[WOLGAN CHOSON Oct]* 57

SOUTHEAST ASIA

Burma

Indonesian Agriculture Minister Arrives 9 Jan *[Rangoon Radio]* 61
Karen Army Overruns Buddhist Rebel Stronghold *[THE SUNDAY NATION 8 Jan]* 61

Brunei, Malaysia & Singapore

Malaysia

Minister Discloses Value of Trade With China *[BERITA HARIAN 10 Jan]* ... 61
* Minister Outlines Expanded Role of Navy *[UTUSAN MALAYSIA 8 Nov]* ... 62

Singapore

Goh Chok Tong Receives South African Minister *[Singapore Radio]* ... 62

Cambodia

Government Not To Extend Amnesty for Rebels *[Phnom Penh Radio]* ... 62
Chea Sim Marks Anniversary of Khmer Rouge Defeat *[Phnom Penh Radio]* ... 63
KR Commentary Calls Ranariddh Vietnamese 'Dog' *[Radio PGNUNS]* ... 64

Indonesia

Tripartite Talks on East Timor Held in Geneva ... 64
    Alatas on Dialogue Channel *[Jakarta Radio]* ... 64
    Progress Reported; Next Round in May *[ANTARA]* ... 64
Armed Forces Warn East Timor Demonstrators *[Jakarta Radio]* ... 65
Alatas Welcomes Plan for EU-Asian Summit *[BANGKOK POST 7 Jan]* ... 65
Minister Outlines Agenda for Entry Into New Era *[REPUBLIKA 9 Jan]* ... 66
* Habibie on Appointment of Natuna Contractors *[BISNIS INDONESIA 22 Nov]* ... 66
* Editorial Evaluates Stock Market as 'Stable' *[BISNIS INDONESIA 21 Nov]* ... 67
* Government Urged To Begin Reducing Protection *[BISNIS INDONESIA 22 Nov]* ... 68
* Economists Seek Immediate Trade Liberalization *[MERDEKA 21 Nov]* ... 68
* Functions of Export Facilities Board Described *[BISNIS INDONESIA 22 Nov]* ... 69
* Squatters Threaten Batam Investment, Projects *[BISNIS INDONESIA 21 Nov]* ... 70

Laos

SRV Defense Minister Ends Visit, Departs *[VNA]* ... 71
Former President Souphanouvong Dies 9 Jan *[Vientiane Radio]* ... 71
    'Mourning Regulations' Issued *[Vientiane Radio]* ... 72

Philippines

Officials Seek To Revoke U.S. Air Accord *[BUSINESS WORLD 3 Jan]* ... 72
Official Offers Vatican-Communist Mediation *[AFP]* ... 73
Gen. Enrile: Communists Still 'Biggest Threat' *[PHILIPPINE DAILY INQUIRER 31 Dec]* ... 74
Jalandoni Belittles Guerrilla Group's New Plan *[THE MANILA CHRONICLE 30 Dec]* ... 74
Activities of Abu Sayyaf Group Reported ... 74
    Pakistani Ambassador Cited *[MANILA STANDARD 6 Jan]* ... 74
    'High-Tech Weaponry' Procured *[PHILIPPINE DAILY INQUIRER 3 Jan]* ... 75
    'Assassins' Reportedly Target Pope *[THE MANILA CHRONICLE 6 Jan]* ... 76
    Soldiers Killed in Basilan Encounter *[Quezon City Radio-TV]* ... 76
Weekly Interviews MNLF Chief Nur Misuari *[GATRA 17 Dec]* ... 76
Investments in Export Zones Increase 354% *[PHILIPPINE DAILY INQUIRER 2 Jan]* ... 78
Government Posts P7.32 Billion FY94 Deficit *[MANILA STANDARD 1 Jan]* ... 78

Vietnam

Nong Duc Manh Receives Thai Parliamentarians *[VNA]* ... 79
Indonesian House Delegation Arrives on Visit *[Hanoi Radio]* ... 79
Further on Vo Van Kiet Discussing Major Tasks *[VNA]* ... 79
Efforts To Boost Party Presence in Joint Ventures *[SAIGON GIAI PHONG 14 Sep]* ... 80
* Lessons Drawn From Battle Exercises Highlighted
  [TAP CHI QUOC PHONG TOAN DAN Oct] ... 81
* State Management in Press Publication Proposed *[NHAN DAN CHU NHAT 13 Nov]* ... 83
* Further Discussion of Rural Industrialization *[THOI BAO KINH TE SAIGON Nov]* ... 86
Buddhist Church Official Reportedly Arrested *[SEASIA Listserv]* ... 88

ASEAN Countries Agree on Mid-December Meeting

BK0701125695 Bangkok THE NATION in English 7 Jan 95 p A4

[FBIS Transcribed Text] ASEAN "agreed in principle" yesterday to hold meetings between the 10 Southeast Asian leaders simultaneously with the ASEAN summit scheduled for Dec 14-15 in Thailand.

The proposal for the meetings was made by senior Thai Foreign Ministry officials at the first preparatory meeting on the ASEAN summit yesterday in Bangkok.

The agenda and format of the meetings, however, have not yet been worked out but senior ASEAN officials found the idea "attractive" and agreed to convey the proposal back to their governments for consultation.

Sarot Chawanawirat, deputy permanent secretary for the Foreign Minister, said Thailand proposed the meeting between leaders of the six ASEAN countries and their counterparts of four non-ASEAN states—Vietnam, Laos, Cambodia and Burma—as the regional situation is taking "new order". However, if Vietnam, currently an ASEAN observer, becomes an ASEAN member by next July, the membership of ASEAN will rise to seven, Sarot said.

The meeting, he said, was aimed at providing a venue for all the regional leaders to meet together for the first time. The format and agenda of the meeting, as well as the duration and venue of the talks were "still unsettled", but would become clearer once the idea was officially adopted by all 10 participants.

According to the Thai proposal, the meeting would take place at about the same time ASEAN holds its two-day summit on December 14-15, Sarot said. He said other senior ASEAN officials saw the idea of bringing about the 10 leaders as "positive" and "attractive".

The deputy permanent secretary said Thailand has not yet approached the four non-ASEAN states to sound out their opinion on the matter. The Thai proposal came shortly after Singapore had proposed Thailand to host the first Euro-Asia Summit (EAS) during the Fifth ASEAN Summit. Singapore's EAS proposal, which was aimed at using ASEAN as a link to strengthen bilateral economic activities and cooperation between the European Union and Asia, also received considerable attention during the two day of meetings just finished in Bangkok. But according to an informed source, Thailand is unlikely to agree to host both proposed summits.

"This is because too many simultaneous activities will dilute the importance of the ASEAN summit itself," the source said.

Sarot said the meeting yesterday also reached "a consensus" that "ASEAN into the 21st Century" will be the theme of the summit.

The meetings, he said, will take place amid the fast-paced global economic change which has become a "very challenging trend" and ASEAN has to re-adjust itself to face the changing regional and international environment. The six ASEAN leaders, he added, would discuss political, economic and social aspects and the restructuring of its organization to cope with these changes.

Another important topic at the summit will be discussions concerning the preparation and cultivation of "awareness and confidence" of the new generation of the ASEAN population who will take ASEAN into the next century.

"ASEAN, which has grown over the last 30 years, has to prepare these future generations. It has to create awareness and confidence in them as conceived by former generations and, therefore, we will be able to stride into the new century with confidence," Sarot said.

Cambodia's Observer Status in ASEAN Viewed

BK0801104895 Bangkok THE SUNDAY NATION in English 8 Jan 95 p A2

[FBIS Transcribed Text] Cambodia is expected to attend—as an observer—ASEAN's annual ministerial meeting this July and subsequent ASEAN-centred security talks, called the ASEAN Regional Forum (ARF), if it signs ASEAN's founding Treaty of Amity and Cooperation in Southeast Asia in time.

The consensus on Cambodia was reached at the informal meeting of ASEAN senior officials which concluded here on Friday, where it was decided that Cambodia needed to accede to ASEAN's 1976 Bali Treaty to qualify for observer status and later to request a place in the ARF. The treaty is a founding document of ASEAN and is a prerequisite for membership.

Malaysian Foreign Ministry Permanent Secretary Datuk Tan Sri Kamil Jaafar told THE NATION that Cambodia's status in ASEAN now hinged on how soon the signing ceremony could be arranged.

"Normally, it should be long before the annual ministerial meeting so that Cambodia would be able to join the ASEAN meeting as an observer," said Kamil Jaafar.

Cambodia's Indochinese neighbours Laos and Vietnam signed the Bali treaty at the ASEAN Ministerial Meeting in Manila in 1992 and obtained observer status at the ASEAN ministerial meeting in Singapore in 1993. Cambodia should have joined ASEAN last year as an observer. But it failed to submit an official letter expressing its position with Thailand which was the host of last year's ASEAN ministerial meeting.

Since its elected government was put in place in 1993, Cambodia has been invited to join ASEAN annual meetings as guest of the host and ASEAN respectively.

Kamil Jaafar said Brunei's Foreign Ministry Permanent Secretary Lim Jock Seng had informed the ASEAN senior officials' meeting here that Cambodia has already expressed its readiness to sign the Bali treaty.

The Malaysian senior official confirmed that Cambodian Foreign Minister Ing Huot had recently written a letter to his Brunei counterpart Prince Mohamed Bolkiah expressing his country's readiness to sign the treaty. He said that Ing Huot is preparing for a trip to Bandar Sri Begawan later this month.

According to an informed source, ASEAN senior officials have agreed to give Brunei the mandate to represent ASEAN at the signing ceremony which would be arranged by Brunei.

Asked about Cambodia's participation in the ARF, Kamil Jaafar said it depended on whether Cambodia wanted to join it or not. The official said ASEAN had no objection to Cambodia's entry into the ARF as the situation in Cambodia was already on the ARF's agenda and was of regional concern.

"It will be better if the country we are discussing is present at the forum," he said.

Cambodia, which previously identified itself with the Non-Aligned Movement changed its mind last year when it expressed interest in becoming an ASEAN member.

Jaffar was here to attend the two-day ASEAN Special Senior Officials Meeting (SOM) with their security counterparts.

The meeting discussed the regional security situation and intra-ASEAN security cooperation including the situation in Cambodia.

The Special SOM meeting was preceded by an ASEAN SOM on preparations for the ASEAN Regional Forum and was followed by the preparatory meeting for the Fifth ASEAN Summit to be held here in December. During the special SOM meeting, ASEAN members agreed that Cambodia was no longer a direct destabilizing factor in the region and agreed that foreign economic assistance and investment in Cambodia would help protect the Cambodian government from the Khmer Rouge.

"Conflicts in Cambodia are not insurmountable. If the Cambodian government receives foreign economic assistance in combatting the Khmer Rouge insurgency, the problem will be dealt with soon," Kamil Jaafar said.

* Reportage on East ASEAN Growth Area Meeting

* $200 Million in Business Cooperation

95SE0046A Jakarta BISNIS INDONESIA in Indonesian 18 Nov 94 p 1

[FBIS Translated Text] Davao, Philippines (BISNIS)—Ten memoranda of understanding (MOU's) on business cooperation involving $200 million in the East ASEAN Growth Area [EAGA] are scheduled for signing today, and participants in a convention recommend that East ASEAN waters be made a domestic shipping area.

Paul G. Dominguez, Philippine assistant president for Mindanao, said that four of the 10 MOU's to be signed are business cooperation agreements between Philippine and Indonesian businesses.

"I cannot yet give more detailed information on the matter, but the total value of the MOU's is about $200 million," he told BISNIS correspondent Indra Sutha yesterday after the opening of the First East ASEAN Business Convention (EABC) at the Central Bank Convention Center at Davao in the Southern Philippines.

The program—which was preceded by business exhibits and meetings that began on 12 November—was attended by about 1,000 delegations from Brunei, Indonesia, Malaysia, Philippines, the United States, Japan, Taiwan, and Australia who are interested in becoming members of the EAGA.

Upon arriving yesterday at Davao to attend the convention, Philippine President Fidel Ramos said that EAGA is a part of an economic liberalization movement sweeping the world, especially in the Asia-Pacific area. Ramos had been in Jakarta until Wednesday [16 November] after attending the APEC [Asia-Pacific Economic Cooperation] meeting.

According to a BISNIS source, Indonesian companies intending to sign MOU's today are PT [Limited Company] Prima Comexindo for the shipping sector and PT Citra Nusaphala Persada for the road-building sector. He declined to give further details about the MOU's that are to be signed.

During the last few days and coinciding with the APEC meeting, companies have signed a series of business agreements, worth trillions of rupiah, with partners from several countries.

The first day of the First EABC was marked by recommendations for the meeting of senior officials of BIMP (Brunei Darussalam, Indonesia, Malaysia, and the Philippines) and the EAGA in Manado from 28 to 30 November. Among the recommendations was a call to make BIMP-EAGA waters a domestic shipping area and a suggestion for the immediate formation of an East ASEAN Business Council.

Dominguez said these recommendations will naturally be valuable input for the meeting of senior BIMP-EAGA officials when they meet in Manado at the end of this month.

Indonesian Ambassador to the Philippines Pieter Damanik said that what the business meeting needs to accomplish is the creation of direct trade in the East ASEAN area.

"Therefore, I fully support the recommendation to make the BIMP-EAGA region a domestic shipping area, rather than an international area as it is now. Moreover, the Philippines has led the way in this concept by giving six-month fiscal exemption to users of shipping services from Davao to areas encompassed by the BIMP-EAGA."

T. Paterno, chairman of the Steering Committee for the First EABC, said on the same occasion that these recommendations are some of the wishes of the 12 areas that are taking part in BIMP-EAGA cooperation as a pilot project in the creation of the ASEAN Free Trade Area (AFTA), which will need another 8-10 years for implementation.

"If these recommendations are accepted, BIMP-EAGA will, for all practical purposes, create a free trade area within ASEAN in only three years."

Herman Montenegro, chairman of the Philippine KADIN [Chamber of Commerce and Industry], also stressed the importance of the immediate establishment of an East ASEAN Secretariat and Business Council. The existence of those two organizations will be very strategic for speeding realization of BIMP-EAGA as a pilot project for the formation of an ASEAN free trade area.

* China, Australia To Cooperate

95SE0046B Jakarta BISNIS INDONESIA in Indonesian 19 Nov 94 p 1

[FBIS Translated Text] Davao, Philippines (BISNIS)—Chinese and Australian businesses are taking part in business cooperation for developing the EAGA [East ASEAN Growth Area], and Indonesian companies have signed six agreements.

Business cooperation among companies from the four ASEAN countries that make up the EAGA (Brunei, Philippines, Indonesia, and Malaysia) [BIMP], besides cooperation by Australian and Chinese businesses, has reached a value of $219 million and is provided for in 13 agreement documents signed in Davao yesterday.

Chinese companies Sun Moon Star and Marbel Telephone System, Inc., agreed to invest $60 million to set up a joint venture for telecommunications projects in the southern Philippines. Marbel will act as leader of a consortium of local telecommunications companies.

Travelway Tour, Inc., (Philippines) will work with Australia Jetset Travel in a tourist travel program between Mindanao and West Australia, while the South Cotabato regional government and Western Mining Corp. (Australia) have budgeted $1 million to train personnel for environmental protection.

The striking aspect of cooperation in connection with BIMP-EAGA is the large role of Philippine, Malaysian, and Indonesian businesses. Of the 13 MOU's signed, six involve cooperation between Indonesian and Philippine businesses and are worth $33 million, BISNIS correspondent Indra Sutha reported yesterday.

Those directly witnessing the signing of the MOU's included Philippine President Fidel V. Ramos, Assistant President Paul G. Dominguez, Davao Mayor Rodrigo R. Duterte, Indonesian Assistant Coordinating Minister for Industry and Trade Kosim Gandataruna, and officials from all EAGA countries, Australia, and China.

"All Philippine companies taking part in this cooperation are from Mindanao," said Dominguez after the signing of the MOU's.

The six MOU's between Indonesian and Philippine businesses covered the following:

- PT Prima Comexindo and Trans-Pacific Journey Fishing agreed to invest $15 million in a fishing enterprise in the Banda and Arafura Seas and to build an ice factory and cold storage facility in East Timor and Southeast Sulawesi.

ASA Group and East Asian International Marketing Ventures budgeted $6 million for interior design work and supply of furniture for five-star hotels to be built in Likupang, North Sulawesi.

PT Rinola Karya Utama and AMS steel Corp. will invest $5 million in a business for distributing iron and steel products to Indonesia.

PT Prima Comexindo and Southern Ship Handlers, Inc., with an investment of $5 million will establish a business for supplying ships for transportation of goods between Cebu City, Davao City (Mindanao), and Bitung (North Sulawesi).

Malaysia Largest

Four cooperation projects between Malaysia and the Philippines had the highest value, namely $125 million. The details were as follows:

- Ekran Berhad [Limited] and the Philippines Tourism Authority will provide $100 million to build integrated tourist facilities and accommodations on Samal Island, Davao Province.

Sarawak Economic Dev. Corp. and Nova Vista Management & Dev. Corp. agreed to do a joint study on the possibility of building a coconut processing plant in Southeast Mindanao. From study to factory construction, plans call for an investment of at least $20 million.

Timmarine Sdn. Bhd. [Inc., Ltd.] and Aleson Shipping Corp. agreed to spend $5 million for passenger ticket agencies and shipments of goods (cargoes).

Permodalan Sabah and East ASEAN International Marketing Ventures will make preparations for building a furniture factory in Kota Kinabalu, Sabah, to meet consumer demand in Sarawak and Brunei. As of yesterday, the value of this cooperation could not be determined.

Accord Reached on Resources in Mekong Basin

BK0901071795 Bangkok THE SUNDAY NATION in English 8 Jan 95 p A2

[Report by Mali Traisawatdichai]

[FBIS Transcribed Text] In early April, Chiang Rai will host an historic signing ceremony for an agreement on the use of water resources by the four countries in the lower Mekong basin. The agreement re-establishes the Mekong River Commission, ending over three decades of mutual mistrust, said a senior official from the Foreign Ministry.

The official said the new development framework for countries bordering the Mekong River will permit Thailand to continue its Kok-Ing-Nan water diversion project and will bring more capital investment into the Indochinese region, allowing an increase in the development of infrastructure and capacity to generate hydroelectricity.

In Hanoi last November, delegates from Cambodia, Laos, Thailand and Vietnam initialed a draft of the Agreement on Cooperation for the Sustainable Development of the Mekong River Basin.

The Hanoi agreement was made possible after a compromise was worked out between Thailand, which controls a large part of the upper stretches of the river, and Vietnam which accommodates the Mekong delta—the heart of its fertile rice-growing region.

According to Atsada Chaiyanam, director general of the Foreign Ministry's Department of International Organizations (DIO), the most important point in this draft Agreement is the change in regulations governing use of water from the river by the four countries.

"In the new Agreement, a country only has to seek permission from other members of the Commission for 'inter-basin' projects—schemes to divert water from the main body of the river in the dry season," Atsada said.

The DIO director-general said that the country, for example, would have to seek agreement if it wanted to divert water from the main body of the Mekong to the basin of the Chao Phraya River during the dry season.

"Apart from that condition, members will only have to ensure 'notification with a will to obtain agreement' from other member states," Atsada said. Therefore, even if this country does not get agreement, there will be no adverse effects on ongoing water diversion projects, especially the plan for an ambitious scheme connecting the Kok, Ing and Nan rivers in the North, he added.

"Although the Kok-Ing-Nan scheme is an inter-basin project, Thailand can still go ahead with it since it is intended to divert water from Mekong tributaries and not from the main body of the river," he said.

The new Agreement is the result of three years of negotiations with the assistance of the United Nations Development Programme (UNDP) after the indefinite suspension of the Interim Mekong Committee in early 1992. Atsada explained that it was only the softening of the previously uncompromising stance by the Vietnamese and Thai delegations that allowed the draft Agreement to go through. As the country nearest to the mouth of the river, Vietnam was most concerned about the fact that development further upstream was causing salt water intrusion in the delta area.

Earlier, delegates from Vietnam, Laos and Cambodia had insisted on continuing with the 1975 Declaration which stipulated that development projects could only go ahead after multi-lateral consultation and prior consent by all four member states. However, Thailand maintained that the declaration was not flexible enough and said it would halt a number of Thai water resource development projects.

"We didn't want the Agreement to hamper these projects but our decision to initial the Mekong Agreement shows our "magnanimity" in that we are willing to abide by the rule about water use during the dry season," Atsada said.

"For those countries in Indochina with poor technological bases, the new Mekong Agreement will be the key to obtaining more investment, capital and aid from donor countries," the DIO director general explained.

According to a statement released after the Hanoi meeting, the Mekong River Commission will comprise three separate bodies:

—A Council, with ministers from all four countries, which will formulate policy and make decisions as well as acting as a forum for resolving any differences of opinion;

—A Joint Committee which will implement policy;

—A Secretariat to provide technical and administrative support.

Atsada said the UNDP, as the longest major donor of the now-disbanded Interim Mekong Committee, will screen candidates for the post of Commission chief executive officer [CEO] and the final decision will be taken jointly by the four member states.

"The CEO must have had some training and background in water resource engineering and in international law and will also need to have had some knowledge of the situation in Southeast Asia," Atsada said.

At the Hanoi meeting, Cambodia suggested that the new Secretariat be located in Phnom Penh. The secretariat of the Interim Mekong Committee was based in Bangkok.

The Mekong Committee was set up by the UN in 1957 but was temporarily suspended after the victory of communist forces in Indochina in the 1970s. An interim committee was later set up in Cambodia but later left because of internal political conflicts.

Japan

U.S., Japanese Officials Discuss Washington Summit

OW1001001595 Tokyo KYODO in English 2341 GMT 9 Jan 95

[FBIS Transcribed Text] Washington, Jan. 9 KYODO—Japanese Prime Minister Tomiichi Murayama and President Bill Clinton, setting the tone for this year's 50th anniversary of the end of World War II, will accentuate the positive in relations between their countries at this week's summit meeting, officials from both countries said Monday [10 January].

Winston Lord, the U.S. assistant secretary of state for East Asian and Pacific affairs, said the meeting will underline the postwar partnership between the two countries even though the nations have to deal with some bumps in their economic and trade relations.

"(We) want this anniversary year to be forward-looking and one which pays tribute to the major contributions to world and regional peace and security made by the U.S.-Japan partnership," Lord told reporters in advance of Wednesday's summit in Washington.

Japanese Ambassador to Washington Takakazu Kuriyama predicted that the two leaders will stay away from contentious trade issues that have been a hallmark of previous summit meetings between the two countries.

"This week's bilateral summit is, in my view, unlikely to have any of what I could call divisive or contentious issues on the agenda," Kuriyama said in a separate briefing to reporters.

The Washington trip marks Murayama's first visit to the United States since he came to office in June last year as the socialist leader of a three-party coalition government.

Accompanied by Foreign Minister Yohei Kono, president of the dominant coalition partner Liberal Democratic Party, Murayama is set to have a one-hour meeting with Clinton on Wednesday morning followed by a working lunch at the White House.

During his 48-hour stay in Washington, Murayama will also meet the top Republican leaders of Congress, including Senate Majority Leader Bob Dole and House Speaker Newt Gingrich.

Among the major topics on the agenda at Wednesday's summit, U.S. and Japanese officials say, are bilateral security ties and economic and trade issues as well as regional issues such as North Korea's nuclear program, and free trade in the Asia-Pacific region.

Kuriyama said the upcoming summit provides the occasion for the leaders of the two countries to "take stock of that postwar achievement we have been able to accomplish together" and reaffirm their commitment to the future as allies.

While Kuriyama and Lord underlined the healthy state of bilateral security and political ties, both acknowledged that the allies have what Lord called "unfinished business" on the trade front, a constant irritant in bilateral ties.

Lord noted the "persistent" trade surplus Japan maintains both with the U.S. and the rest of the world—60 billion dollars and 130 billion dollars respectively—and vowed that the Clinton administration will continue to press Japan to cut down the surplus.

Lord singled out Japan's auto and auto parts market, a main focus of bilateral trade negotiations, as an industry area where he said the U.S. is determined to push for greater U.S. presence.

U.S. Ambassador to Japan Walter Mondale, speaking at a news conference in Washington on Monday, said the Clinton administration may take unilateral trade action if there is no satisfactory settlement.

The U.S. Government is currently undertaking a so-called "Section 301" probe of Japan's replacement market for auto parts, a move that would trigger U.S. sanctions if bilateral negotiations—set to begin later this month—break down.

Despite outstanding trade issues, U.S. and Japanese officials predicted there will be no negotiations at the Clinton-Murayama meeting on any specific area of the trade talks between the two countries.

On regional trade issues, the officials said they expect the two leaders to renew their commitment to work closely together to promote free trade among member nations of the Asia-Pacific Economic Cooperation (APEC) forum.

Leaders from the 18-member regional group pledged to liberalize trade and investment in the region by 2020, a goal expected to be further refined when Japan chairs the third APEC summit in Osaka in November.

"Working very closely with the United States (on APEC) is of crucial importance for Japan," Kuriyama said.

Murayama Arrives in Washington 10 Jan

OW1001151995 Tokyo KYODO in English 1511 GMT 10 Jan 95

[FBIS Transcribed Text] Washington, Jan. 10 KYODO—Prime Minister Tomiichi Murayama arrived in Washington on Tuesday [10 January] in his first visit to the United States since taking office last June. Murayama is scheduled to meet U.S. President Bill Clinton on Wednesday morning for their third summit meeting.

Murayama, also chairman of the Social Democratic Party (SDP) [of Japan—SDPJ], is accompanied by deputy prime minister and Foreign Minister Yohei Kono, president of the Liberal Democratic Party, a key partner in Japan's tripartite ruling coalition.

Murayama views the meeting with Clinton, which takes place on the approach of the 50th anniversary of the end of World War II this year, as a significant opportunity to buttress bilateral relations recently strained by trade rows.

Murayama hopes to underscore the importance of security ties and to discuss steps to put diplomatic relations on a higher level.

During his 48-hour stay in Washington, Murayama will also meet top Republican leaders in Congress, including Senate Majority Leader Bob Dole and House Speaker Newt Gingrich.

Meanwhile, Kono will meet U.S. Secretary of State Warren Christopher later Wednesday to exchange views on the state of affairs in North Korea and in the rebellious Russian Republic of Chechnya as well as to prepare for the Murayama-Clinton talks.

Kono and Christopher will discuss measures to boost bilateral ties centering on security issues and cooperation for the planned meetings of Asia-Pacific Economic Cooperation forum in Osaka in November.

Also on the agenda for the two foreign ministers are Japan's efforts toward deregulations and the U.S.-initiated international aid to North Korea to build light-water nuclear reactors.

On Tuesday afternoon, Murayama plans to meet with former Sen. J. William Fulbright after visiting the Lincoln Memorial.

Kono will meet separately with former U.S. Ambassador to Japan Mike Mansfield following his meeting with Christopher.

Hopes Talks Will Benefit Asia

OW1001034595 Tokyo KYODO in English 0333 GMT 10 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 10 KYODO—Prime Minister Tomiichi Murayama left Tuesday [10 January] for Washington, saying he hopes to strengthen ties with the United States "for the next 50 years" particularly for the benefit of the Asian region.

Speaking briefly to reporters as he left on his first visit as premier to the United States, Murayama said his meeting with U.S. President Bill Clinton will focus on maintaining stable Japan-U.S. relations that "will contribute to the Asian region."

Discussions will particularly cover such near-term issues as the annual summit of leaders from the Group of Seven nations in Canada in June and the Asia-Pacific Economic Cooperation (APEC) forum to be hosted by Japan in Osaka in November.

"We have seen 50 years of close ties since the end of the war, and we want to see the same for the next 50 years," Murayama said.

Turning to the danger of a split in his Social Democratic Party (SDP) over proposals to create a new party, Murayama said he is not overly concerned and hopes party leaders will manage to defuse the situation.

Referring to a meeting late Monday of three SDP leaders, Murayama said they encouraged him with wishes of successful talks with Clinton. Against this backdrop, "I'm leaving with relief," he said.

Plans To Discuss Deregulation

OW1001040395 Tokyo KYODO in English 0352 GMT 10 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 10 KYODO—Prime Minister Tomiichi Murayama reiterated his positive commitment to deregulatory measures Tuesday as a bold message to U.S. President Bill Clinton before leaving for his first visit to the United States as premier.

Murayama presented a three-point instruction to his cabinet ministers in compiling a five-year action plan on deregulatory measures in March, Chief Cabinet Secretary Kozo Igarashi told reporters after a morning cabinet meeting.

During his four-day visit starting Tuesday, the prime minister is to meet Clinton in Washington on Wednesday.

Murayama will explain Japan's positive commitments "in detail" to Clinton, Igarashi said.

Showing strong interest on Japan's deregulatory steps for wider access by foreign goods and services, the U.S. presented a package of recommendations last year.

In a written instruction, Murayama ordered his cabinet ministers to "positively consider new deregulatory measures while placing priority on many opinions and requests at home and abroad."

Aside from the 279 deregulatory steps already announced last June, Igarashi said the government has received requests for some 3,400 items in 1,879 areas.

Based on the requests, Murayama instructed ministries and agencies to disclose an interim report on their related regulations by the end of this month.

On the five-year action plan, the prime minister called for its revision every year based on new opinions and requests at home and abroad.

To Oppose WWII Ceremony Invitation

OW1001022495 Tokyo ASAHI SHIMBUN in Japanese 8 Jan 95 Morning Edition p 1

[FBIS Translated Text] With regard to a U.S. plan to invite leaders of countries concerned to a 50th anniversary ceremony of the end of World War II slated for 2

September, it has been revealed that the Japanese Government has urged the United States to cautiously handle this matter. In other words, Japan wants the United States to take Japan off its invitation list. The main reason is that it is difficult for Japanese people to accept the invitation because 2 September 1945 is the day when Japan signed the documents of surrender. Prime Minister Tomiichi Murayama, who will visit the United States on 10 January, will seek the U.S. understanding of Japan's stand on the matter during a meeting with President Bill Clinton, while confirming Japan-U.S. cooperative relations.

On 2 September 1945, then Plenipotentiary Mamoru Shigemitsu signed the documents of surrender on the U.S. warship "Missouri" which was at anchor in Tokyo Bay. The United States designates 2 September the "Day of Termination of World War II." This year, the U.S. Government has been planning to invite guests from various countries to Honolulu, Hawaii, to hold the biggest event aimed at celebrating the 50th anniversary of the war's end. It will be held on as large scale as the ceremony which was also held by former allied countries last year to commemorate the success of the Normandy Landing Operations (D-day).

In addition to leaders of the former allied countries, leaders of Asian and Oceanic countries which were damaged during the war, and defeated countries, such as Japan, will be invited to the ceremony. Clinton has been studying a plan to make a special speech in the ceremony.

However, the Japanese Government believes that Japanese people are unwilling to participate in the ceremony as a defeated country. In addition, from the strict viewpoint of international law, Japan is still in a state of war with Russia, because they have not concluded a peace treaty yet. In view of such a situation, the government also believes that participating in the ceremony together with Russia would have an adverse influence on bilateral relations.

Several officials of the government and the ruling parties have given the view that even if the prime minister is invited to the ceremony, "it would be impossible for him to attend." However, if Japan refuses the U.S. invitation, the bilateral ties would be unnecessarily impaired. Therefore, the government has been urging the United States, through diplomatic channels, to cautiously handle this issue.

Lately, the Japan-U.S. relationship has become awkward over several events marking the 50th anniversary of the war's end. For example, the Air and Space Museum of the Smithsonian Institute in Washington has planned to hold a special exhibition commemorating the 50th anniversary of the dropping of the atomic bombs beginning in May. However, some of the American people opposed this plan, saying, "It exaggerated calamities caused by the atomic bombs too much." Japan also expressed its displeasure with the U.S. Postal Service's plan to issue stamps featuring the mushroom cloud of the atomic bombs.

Concerning Murayama's upcoming visit to the United States, Japan's Ministry of Foreign Affairs [MOFA] believes "it is meaningful that leaders of the two nations will have a meeting in the beginning of the year of the 50th anniversary so as to confirm the future-looking bilateral cooperative relations." A senior MOFA official said: "It is not good that people of both countries will discuss a matter from 50 years ago over which they have complicated feelings as victorious and defeated countries." In the summit meeting, Murayama intends to ask Clinton to consider the Japanese people's feelings in handling this matter.

Japan, U.S. Seek Enhanced Bilateral Relations

Open Markets With 'Dejima' Formula

OW3112025694 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Dec 94 Morning Edition p 1

[Article by special reporting team covering Japan-U.S. relations; first of a four-part series titled: "Japan, the United States Look for a New Start After 50 Years"; this installment entitled: "Opening Markets Using the 'Dejima' Formula"]

[FBIS Translated Text] Japan-U.S. relations will soon mark the crucial 50th anniversary of the end of World War II. The relationship has changed from "special" to "normal" in the intervening years. The last half a century has changed relations between Japan and the United States, and the two countries are now moving to redefine their status in the world. What should Japan and the United States do to build their new relationship in a world that has no firm order? We want to set our compass on a course along which both Japan and the United Sates can move together over the next 50 years.

The Effectiveness of 'Privatization'

"With the East-West Cold War over, the time is past when governments played the leading roles. Drawing up a blueprint from which Japan and the United States can build their new relationship is a heavy burden for both Japanese and American bureaucrats and politicians, who have neglected internationalization and the renovation of technology," according to L. Williams, deputy U.S. trade representative, who has crossed swords with Japanese negotiators on bilateral trade issues.

The Japanese-U.S. relationship, which will soon mark the 50th anniversary of the end of World War II, is in an "odd state of vacuum." The climate has been created in which both Japan and the United States are trying to associate themselves with Asia. At the same time, however, Tokyo is distancing itself from the United States while Washington is sitting astride [matagi] Japan. The two countries are losing their mutual interest.

The culprits responsible for causing the two countries to alienate themselves from each other are the governments of Japan and the United States, which have consistently played up the Japan-U.S. alliance in the post-war years. The two governments, which have talked of an "alliance bound together by common fate" and an "equal partnership," are now losing their confidence in honoring the terms.

U.S. Government officials in charge of Asian affairs held a meeting in mid-November. An undersecretary at an economic affairs department raised a simple issue. He said: "Japan's trade surplus with the United States has continued to grow. While Japan has made vigorous direct investment in the United States, the United States has made virtually no direct investment in Japan. The United States has no assets in Japan to protect."

He added: "Is Japan worth protecting?"

The relaxation of regulations in Japan is expected to be the first item on the agenda of forthcoming Japan-U.S. economic framework talks. Nonetheless, Japanese bureaucrats are bent on compiling a "negative list" of U.S. demands they will say "no" to at the talks on relaxing regulations.

In early December, the U.S. State Department warned Japan: "If bilateral economic issues continue to be left unresolved, this will have an adverse effect on the entire U.S. view of Japan."

Japanese officials reacted to the warning by saying: "If East Asia becomes embroiled in turmoil, the United States will drift back to its policy of attaching importance to Japan." Such comments in both Japan and the United States represent the emergence of signs that the two countries have begun to turn away from each other.

The political function in the two countries remains paralyzed. The "changes" frequently heard about in both Japan and the United States are only nominal. While Japan is frantically trying to protect its agriculture, the United States is focusing only on the debate on tax cuts, leaving to one side the issue of its federal budget deficit. It seems that the two countries are drifting back to a "previous age."

While the Japanese prime minister is preoccupied with the new party game, the American president is preoccupied with scoring political points for his reelection. They seem uninterested in grouping together on a new axis which will point the way for Japan and the United States to move forward together.

Japan-U.S. relations, which have been dominated by the "two states" represented by bureaucrats and the politicians, are now suffering from structural fatigue. The private sector in each country is being asked to "privatize" Japan-U.S. relations, taking over the task from their governments.

'Domestic Pressure' Must First Be Created

Japanese bureaucrats and politicians are inclined to listen to the U.S. Government, which has said it has almost given up hope on Japan and the Japanese private sector. Robert Rubin, assistant to the president (in charge of the National Economic Council [NEC]), who worked on Wall Street, has been examining the possibility of the "president meeting separately with 50 American and Japanese business leaders" since last spring. He has been meeting Japanese business managers and the NEC has been listening to American business managers.

An NEC official said: "The NEC is planning to shape a new Japan policy based on the opinions of Japanese and American business managers it has listened to." The official also has said that the new policy would focus on expanding foreign investment in Japan and "getting Japan to transform itself into a nation that can be used by the rest of the world."

The NEC has demanded, among other things, a sweeping relaxation of regulations. The NEC official has also suggested that if Japanese bureaucrats refuse to relax the regulations, a free trade zone such as "Dejima" [the Dutch residential area in Nagasaki, which was used as Japan's sole free trade zone during the Edo Era] could be established in Japan. His suggestion is that Japan must cut the high costs facing foreign corporations by adopting such preferential measures as 5-10 year tax breaks, cutting real estate costs, and relaxing regulations on telecommunications.

The NEC official went on to say: "I hope Japan will establish Dejima across the country, if possible. If Japan finds it difficult to establish Dejima across the country, it could establish regulation-free economic zones across the country. It is desirable that one of the regulation-free economic zones be established not in Tokyo, where goods cost too much, but near an airport in Kyushu, which is geographically close to other Asian nations."

His proposal seems designed to increase "domestic pressure" in Japan, where the people hope that excessive regulation and high costs can be rectified.

Nation Worthy of American Protection

If Japanese enterprises hold the belief that the United States and Asian nations are important to them, according to former Undersecretary of State Robert Zoellick, "first create a way to induce the United States and Asian nations into Japan." His comment can be interpreted as a warning from the United States that if Japan continues to remain unattractive to foreign capital, the U.S. obligation to protect Japan would be challenged.

Rubin has been nominated as the new treasury secretary, but it remains uncertain whether or not the idea offered by the NEC official will be put into practice. There is a need to create a mechanism under which Japanese enterprises take the initiative in opening the Japanese market in concert with local authorities and American corporations.

If the private sectors of Japan and the United States are to take the initiative in opening the Japanese market, they need to change their traditional tendency to count on protection and assistance from their governments. If the private sectors of the two countries succeed in establishing Dejima across Japan by pooling their wisdom, this will certainly lay an important foundation for the next half century Japan-U.S. relations, and not for ritual Japan-U.S. summit talks.

Tokyo's Future Diplomatic Role

OW3112025994 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Dec 94 Morning Edition p 1

[Article by special reporting team covering Japan-U.S. relations; second in a series titled: "Japan, the United States Look for a New Start After 50 Years"; this installment entitled: "Japan Should Supplement U.S. Diplomacy in a Non-Military Way; It Should Use Its 'Surplus' To Contribute to Stability"]

[FBIS Translated Text] "To our country, which is so heavily export-oriented, a stable international framework is as critical as good air. And we are not asking to have it for free. Germany pays 8.9 percent of the United Nations' budget, 22.8 percent of NATO's budget, and 28.5 percent of the European Union's [EU] budget."

Important Image of a Nation

So declared German Foreign Minister Klaus Kinkel in his speech in Bonn in late August, presenting the German Government's basic position on the country's bid to become a permanent member of the UN Security Council, together with Japan. At about that time, reform of the UN Security Council was a hot topic of discussion. The main point of Kinkel's speech was that Germany wants to assume roles appropriate for it in international endeavors toward political stability and further progress in free trade within its own region and worldwide.

Earlier, Germany's Federal Constitution Court had issued its view that the country's dispatch of defense forces outside NATO territories would not violate the constitution. The court's interpretation of the constitution was that, subject to approval by the federal congress, the dispatch of troops within the framework of the United Nations should be possible. At the time of the Gulf War, even though Germany bore a big share of the expenses for the war, it was unable to send its troops. Germany was criticized internationally for this.

The court ruling does not mean, however, that German forces can freely participate in UN peacekeeping and peace-creating operations in the future. The German public still does not want its troops carrying such duties, and the German opposition parties strongly oppose Germany participating in operations that accompany use of force.

There are some points common to Germany and Japan, both of which suffered defeat in World War II. Both are now economic superpowers, and have strong ties to the United States as its allies. To look back on history, both countries had the misfortune of falling prey to narrow-minded nationalism in the course of modernization, and, more recently, that nationalism has begun to recur in some quarters in both.

Germany has now taken on the work of promoting the integration of the EU and expanding it eastward, with the emphasis on efforts to stabilize central and east Europe. Chancellor Helmut Kohl said: "National unification and European integration are two sides of the same coin [hyori ittai]." Meanwhile, Japan, which has striven to get away from Asia and be part of Europe, is being compelled to rethink its identity and move toward the idea of a greater sharing of Asian perceptions, especially now that Asia has started to run on the track of economic prosperity.

Isolation-Inviting Arms Expansion

Both Japan and Germany, which have sought to become economy- oriented "cultural countries" since the end of World War II, now face the choice of whether or not to become military powers.

However, even if they want to play a part in stabilizing the world and join the ranks of nations that hold nuclear weapons, this will only have an adverse effect and cause tension among neighboring countries. It will only drive other countries into forming opposing, antagonistic forces, thus restarting the arms race. The two countries would also have to be prepared to become isolated, and to lose markets and the international economic relationships which they have built up over such a long period of time.

Foreign Minister Kinkel added: "The true task of mankind in the world, following the period of East-West conflict, should be to fight poverty, environmental destruction, and population excess. As such, there is no doubt that cooperation and assistance in political, economic, and cultural areas will come to the fore in our diplomacy."

What he meant was that Germany will make military contributions, but this should not be the country's main contribution.

What if the two countries continued to live as cultural countries? Political scientist Professor Hans Maul of Tollier University in Germany noted: "Japan and Germany have been able to import security and stability so far, but now they must try to export them instead."

In other words, in the transitional period following the end of the Cold War, it will become essential that Japan and Germany use their economic power and wisdom to supplement the waning power of the United States.

One precondition to non-military powers, such as Japan and Germany, shouldering a bigger share of international responsibilities, the professor thinks, is long-term stabilization of the international cooperative mood. For Germany, this means the country needs to maintain bilateral relations with the United States and France. For Japan, of course, it means maintaining the alliance with the United States.

The self-complacent and unstable U.S. diplomacy that was seen in the failed troop mission to Somalia and the unilateral withdrawal from international efforts to halt arms smuggling into Bosnia puts Japan and Germany in a difficult position. The two countries must work together to persuade the U.S. Government not to lose its composure, act irresponsibly as a super power, or drift away into isolationism. Even from that perspective, it is clear this is no time to waste energy on low-level Japan-U.S. economic frictions.

In an analysis of the situation in East Asian, the professor predicted the following:

—"The signs are clear that, as a result of high economic growth, China will undergo a major upheaval of society, and the central leadership will collapse. Japan will come to face an economic crisis in the whole region, an influx of refugees, and uncontrollable military threats."

—"There is the possibility that the rigid DPRK (North Korean) regime, a very dangerous country for South Korea and Japan, will collapse."

The Japanese are too modest, and cannot say things straightforwardly. These characteristics can be seen in the Japanese Government's ambiguous Asian policy on such issues as post- war reimbursement—something on which it can be compared to Germany.

Japan will support U.S. diplomatic efforts, while preparing policies on economic security and crisis management in the region on the assumption of South and North Korean unification, China undergoing drastic change, and continuing unrest in Russia. These are the areas where Japan needs to play a role.

Seeking Allies Among Opponents

OW0201092795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 Dec 94 Morning Edition p 1

[Article by special reporting team covering Japan-U.S. relations; third in a series titled: "Japan, the United States Look For New Start After 50 Years"; this installment entitled: "Seeking Allies Among Opponents—China's Wisdom to Use U.S."]

[FBIS Translated Text]**Japan With No Strategy**

"Japan and the United States" are coexisting in the new system of today's China. Vice Premier Zhu Rongji, who is leading Chinese economic reform, is known by his American-style ideas and Japanese-style methodologies. China is currently upgrading its legal system to change from a "man-governed country" to a "law-governed country," and the new Chinese laws are often made based on the U.S. legal system, as Japan's laws are too complicated. But China intends to introduce Japan's management styles to run the laws learned from the United States.

China is adopting Japan's administration know-how in such fields as market-demand control with macroeconomic policies, electric power companies divided by regions, and redistribution of tax revenues through national tax allocation to local government bodies.

China is regarded as a testing ground for experimenting with different combinations from the Japanese and U.S. systems, and a considerable number of China watchers in Japan say Japan has an advantage over the United States in relations with China. However, China has recently begun to discriminate in its treatment of Japan and the United States.

"Food, culture, friendship, and a little bit about the economic situation." According to a think tank affiliated with the Chinese Government, these are topics that Chinese officials consider when receiving guests from Japan.

When China started the reform and open-door policy in the early 1980's, Chinese officials did a lot of studying before receiving Japanese guests. However, they now do nothing because the Chinese Government has learned that high-ranking Japanese officials seldom bring important proposals forward.

China is beginning to make light of Japan because most incoming Japanese companies are only seeking cheap Chinese labor and they seem to have no long-term strategies for dealing with China.

Japan Should Recognize "Difference"

On the other hand, U.S. companies have long-term strategies, and make inroads into specific fields of the Chinese market in line with those strategies—the telecommunications market, for instance. Japanese companies could learn a lot from the strategy-oriented actions that U.S. companies use in demonstrating their potential roles in China's reform and open-door policy.

A Chinese researcher specializing in trade affairs said "Japan must deal with the United States, which is paying more attention to the fact that 'allies can be found even among opponents.'" To win extension of the most-favored-nation status from the United States, China successfully avoided the Clinton administration's attacks on the human rights issue by attracting the U.S. business sector through the "giant market's" temptation.

On the contrary, Japan is being bashed by both the government and business sector of the United States. The Chinese researcher meant that, although Japan and China have structurally different problems in trade frictions with the United States, Japan had better to try harder to seek allies among opponents.

Meanwhile, it is absolutely necessary for Japan to become aware of its differences with the United States in the diplomatic arena. In Taiwan policy, for example, Japan has a "historical debt" to China. While the United States unfroze cabinet members' visits to Taiwan for business talks, this does not mean China would accept the same action by Japan.

Utilizing Japan-U.S. Security Framework

Even without the historical debt, China seemingly believes Japan and the United States are jointly trying to neutralize China's Taiwan policy. When Japan and the United States take the same action that may make China unhappy, China will certainly get angrier with Japan. This is a stern reality, and it is of no use to wonder why. Therefore, in Taiwan policy, Japan must be very careful not to give China the impression of a "Japan-U.S. tie-up" [joint Japan, U.S. effort to neutralize China's Taiwan policy]. Japan should carefully follow the United States in this field even if it is criticized as being a "weak-kneed" policy.

Chinese leaders never say they "support" the presence of the Japan-U.S. security treaty, but they are actually becoming aware of its "benefits." In principle, China does not support nations accepting foreign military forces in their territories. But China is taking Japan's defense buildup quite seriously, and, in this context, the presence of U.S. Forces in Japan provides a sense of security to China.

If so, Japan should probably try harder to convince the United States to maintain the security treaty, rather than complaining of U.S. demands for defense burden sharing. Japan may be able to slow down China's defense buildup by easing the nation's concern over Japan's military power.

Since the end of the Cold War, public opinion has been calling for Japan's "independence in the international community." This is not a very bad idea, but today's Japan must think harder on how it can use the presence and strategy of the United States more effectively.

Need To Revise Bilateral Relations

OW0501074395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 31 Dec 94 Morning Edition p 1

[Article by special reporting team covering Japan-U.S. relations; fourth and last in series titled: "Japan, the United States Look For New Start After 50 Years"; this installment entitled: "Let Us Aim To Form 'Ordinary Relations,' 'Spiritual Independence' Brazilian Style"]

[FBIS Translated Text]**Nothing But "Equal Distance" Policies**

There is only one day left in 1994. We assessed the progress each country has made this year. Which country made "the most progress?"—China, Vietnam, Malaysia, and India were active, but we would like to mention Brazil.

In late December, people were talking about an episode involving Alexander Watson, who is assistant secretary for Inter-American affairs. He boarded an airplane in Washington to attend the Inter-American summit talks held in Miami. Aboard the airplane, he made telephone calls one after another complaining: "Brazil does not listen to us." Watson was frantically trying to coordinate opinions regarding a draft declaration.

Although an agreement was reached to form the world's largest Free Trade Area of the Americas (FTAA), Brazil's intentions were clearly reflected in an action plan. U.S. Trade Representative (USTR) Mickey Kantor, who is known for his bullish negotiation style, looked completely exhausted at a news conference and said: "We had a tough argument."

The fact is "the toughest country" for the United States may not be Russia or China but Brazil, which is a major Latin American country. Brazil is pro-American and yet it does not follow in the footsteps of the United States. Brazil has a policy of keeping equal distance from all countries in the world. Inflation has subsided and its economic growth rate is high. It is not widely known that Europe is a bigger trade partner of Brazil than the United States. Shinroku Morohashi, chairman of Mitsubishi Corporation, reassessed Brazil, saying: "That country is making remarkable changes."

Fifty years have passed since the end of World War II, and Japan, which has been called the sole winner in the post-war economic world, lost its navigation chart and has begun to drift. As Japan has been relying too much on the United States, it looses its sense of distance if it is thrown off a little. So for Japan, we wonder whether Brazilian-style diplomatic and negotiation skills, demonstrated in negotiations with the United States, could serve as a hint of what Japanese policies should be for the next 50 years.

That is to say "ordinary relations," in which Japan can assert its own demands like Brazil does, are better than the post-war "special relations" relying on the United States. Japan and the United States should maintain fundamental ties of alliance in the areas of security, diplomacy, and economy and trade. However, it should be able to freely alter the degree of its ties with the United States in each field. Both countries should be required to form such flexible relations.

Japan Urged To Give Up Comfort

Bill Totten, who is a pro-Japanese American and president of Assist [as published] Corporation, is in a rage. He says: "Japan should not become a yes-man to the United States." But, things are not as simple as he says. First, if it wants to form ordinary relations with the United

States, Japan should give up the "comfortable state" of relying on the United States.

Then, it should pay its share of expenses for other countries commensurate with its economic power. Jochi University Professor J. Abeglen [as published] says: "Japan should accept more students from other countries" rather than making monetary international contributions. Japan may have to accept a large number of refugees in the future. It is, so to speak, an issue of whether or not Japan is ready to pick up the tab of "invisible cost."

Moreover, Japan should look at the world with "compound eyes" rather than relying on the United States alone. Surprisingly enough, many countries are interested in Japan. Malaysia, Mexico, and Peru are a few; there are such countries in Asia, Latin America, and Africa. Their leaders are earnestly asking Japan, a major power, to "allow them to become friends by all means" or to "make new investments" in their countries.

Advantage of Individuality

The promotion of business activities in such countries, without restrictions by the United States, could lead us to make more friends and form "ordinary relations" with the U.S. Take Mongolia, which has started to promote a market economy, for example. "Meetings to support Mongolia" have been held every year since 1991. Japan has been hosting these meetings. As far as the meetings are concerned, it is the United States' turn to follow in the footsteps of Japan.

On the strength of the judgment that Iran is "an important oil supplier for Japan," Tokyo decided to provide yen-based loans to Iran, which the United States hates. In the case of an emergency, such individuality can be used as a trump card against the United States.

Looking back on history, the current "love-hate relationship" between Japan and the United States is not an anomaly. In ancient times, Japan, which relied only on China, stood against it during "Heian era." In his book entitled: "The Japanese and Japanese Culture," Donald Keene, researcher of Japanese literature, says: "Eventually, Japan developed its own culture only because the people felt a complicated love-hate relationship toward Chinese culture."

How about the case of Japan and the United States? After World War II, the Japanese continued to assimilate American culture without looking aside. However, Toshiyuki Kamei, professor of Tokyo Women's Christian University who is studying a comparison between Japanese and American culture, says: "We are still unable to form a clear view of the differences between Japanese and American culture." Perhaps, he is trying to say that although it was an easy choice to be soaked in American culture, Japan and the United States will not be able to promote true mutual understanding unless they continue their efforts to clarify cultural differences between them.

After World War II, the Japanese believed: "Internationalization means Americanization." Is it not true that such post-war history of relying only on the United States narrowed the Japanese people's view? "True internationalization" means knowing more about the world than just the United States. A shift to "ordinary relations" and Japan's internationalization are aims worthy of Japan and the United States "looking for a new start after 50 years."

* U.S. Foreign Policy Examined, Criticized

952B0063A Kyoto VOICE in Japanese Dec 94 pp 102-113

[Discussion between Masataka Kosaka, Kyoto University professor, and Kimindo Kusaka; place and date not given]

[FBIS Translated Text] [Kusaka] Some people say that the United States doesn't have foreign policy, and that what it has is only domestic policy, which relates to campaign strategies. This rings quite true in the case of the country's sending of its troops to Haiti or its framework talks with Japan.

[Kosaka] It surely does. But it doesn't hold true in every case. Anyway, the United States seems to be suffering from schizophrenia.

[Kusaka] It has been said that the landing of [U.S.] troops on Guadalcanal was carried out for the sake of a midterm election. Roosevelt ordered his staff to do something spectacular, even if it meant risking defeat. This sounds very much like the case in Haiti.

[Kosaka] Historically, the United States has been having bad foreign policy particularly on Central and South America. It intervenes lightly and pulls out lightly—it doesn't consider the problems of the region seriously, probably because the region is so close to it and the countries there are weak. In the case of Haiti, the Cedras government expelled Aristide in violation of a resolution reached by an international organization. It is legally justifiable to criticize this action. But, to carry out foreign policy correctly, you must consider if your policy will lead the situation to the right direction, what kinds of strategies and measures are possible, and whether your interference with the country's domestic affairs will produce a better government there. You also have to consider your stakes, that is, the importance of what you are trying to achieve by doing so. If you are not quite sure about how to answer to these questions, you must remind yourself of the principle of "no interference in domestic affairs." But the United States didn't do that.

[Kusaka] So, you are saying that in a second stage of the Monroe Doctrine, the United States is asking Europe not to interfere, because Central and South America are its own backyard.

[Kosaka] That argument has some rationale. But, it's wrong to use it to justify your own interference.

According to Haitian history, only about one-fifth of the country's officials have retired from office in a normal way since the country was founded 190 years ago. If interference is successful, it will stabilize the country, which in turn will institutionalize its own customs and traditions. But, if such interference is carried out inadvertently, it will prevent the country from developing its own normative standards.

[Kusaka] That's right. In Somalia, the United States pulled out its troops prematurely. The same is true in the case of Vietnam. Probably the occupation policy on Japan was the only one where the United States was able to accomplish its objectives by sending its troops.

[Kosaka] Not only with Japan, but the United States has also been quite successful with those countries it fought against—the first was England, then Japan and Germany. And the next was the Soviet Union. Probably because it is strenuous to win a war, the United States learns in between times. That seems to be the case for the United States, without regard to whether it is good or bad to wage a war.

[Kusaka] That's an interesting point. The defeated country can also get serious about self-reform. The reason why there doesn't seem to be any bright prospect for reform in the Soviet Union and Eastern Europe is that these countries were not actually involved in a war, and therefore, their conservatives have not been wiped out.

[Kosaka] What made me laugh about the case of Haiti is that the former President Carter was dispatched, and he concluded a nonsensical agreement. They used to call the government [of Haiti] a dictatorship, but restated this at the last minute by saying that the ruler was a decent man. That showed the worst side of the United States, although I think it too harsh to say that everything about the country is bad because of that.

[Kusaka] During the Iraqi incident, Bush maintained through and through that he would "not negotiate with evil." Although somewhat unrealistic, he carried it through.

[Kosaka] That was logical in its own way, and the reason for justice was apparent—many people in the world supported [Bush's] action. After all, the Korean war and the Gulf war were clearly based on aggression in form. In such cases, Americans are upright, and the world community believes in them. So, when the United States acts gallantly, it is strong. Otherwise, it does everything wrong. A strange country.

What complicates the matter is that the United States also has an ideologically oriented personality. On one hand, Americans believe in democracy. It is certainly better to have a United States that believes in democracy than one that doesn't. Yet, what will happen when Americans press democracy upon [another country] too soon? They can't transplant democracy. They don't seem to understand this point. But it is very difficult to pass judgment on this. The United States can't function well without ideology. As it has its own ideology, it tends to stir up things in the world, but it also makes the world a better place.

[Kusaka] NEWSWEEK had a cartoon in which Clinton is making a big speech, saying, "The citizens of Haiti have the right to enjoy a free market and democracy." Hearing this, the Haitian leader says, "I got you. We'll ship out a lot of refugees, so please accept them." (Laughter)

The United States is probably practicing what UN General Secretary Butrus-Ghali and France have been advocating recently, like the "right to intervene on humanitarian grounds" and "responsibility beyond borders." What is your opinion on the relationship between these points and no interference in domestic affairs?

[Kosaka] It has an unavoidable facet in today's environment. Unlike the old days, we now have televisions that broadcast in real time news with images of corpses. Once you see such images, you can't ignore the situation. Taking action is certainly important, but no interference in domestic affairs is the basis for the system of modern states—it is the wisdom of humankind.

[Kusaka] It is the art of reducing conflicts, isn't it?

[Kosaka] Somehow, Americans don't understand this. The Japanese don't either. Some people believe that no interference in domestic affairs is to keep powerful countries from putting on an air of great importance. That is wrong. It is a very cold-hearted principle to start with; it leaves alone what can't be fixed.

[Kusaka] Each country has its own values to defend, and when countries have different values, nothing can be done except for leaving them alone. The principle basically says that if you want to die to defend your values, go ahead and die.

[Kosaka] People today can't bear this any longer. But, they have forgotten the question of whether interference can actually improve a situation. The strongest argument supporting no interference in domestic affairs is that we can't press a system of freedom on another country by interfering in its domestic affairs, so we should not interfere. This is cold-hearted wisdom of European gentlemen, so it probably doesn't fit the psyche of Americans.

Japan Is Immune to Nuclear Weapons

[Kusaka] Speaking of no interference in domestic affairs, what do you think of the issue of arms exports? According to the prevailing idea in the international community, exporting weapons to both or either one of countries in conflict is not considered interference in domestic affairs. I think this is odd.

[Kosaka] That's true, and I believe the reason is that if we include it [interference], there is no end to such inclusion. I believe it better to think of the issue of no interference in domestic affairs mainly as relating to the use of military forces.

[Kusaka] Yet, the number of deaths will increase in the country that imports weapons as well as in its neighboring countries.

[Kosaka] Up until recently, the United States had been maintaining a normal stance on this. But, as the cold war ended, companies in the munitions industry in the United States have been in dire trouble. Therefore, they've been selling during this transitional period. Last year in particular, I think their share of arms export in the world was close to 60 percent.

I consider this to be a major problem, and now an increasing number of Americans are also thinking it's wrong. Because, when you are trying to export public order in the world community, you'll be able to do so much more easily if there are fewer weapons. Nevertheless, the United States is doing contrary to what Hideyoshi Toyotomi did—instead of banning weapons, it is distributing them to everybody. (Laughter) But, let's think that this is a by-product of the cold war and hope that it will disappear sooner or later.

[Kusaka] I've been hoping for that, but I haven't seen any decline. The United States restricts nuclear weapons, but disseminates other weapons. People say that the U.S. trade deficit is enormous, but in fact the surplus in arms trade amounts to $20 billion to $30 billion. They are quiet about this fact. As Japan is not engaged in it, if we publicize this fact more, that will certainly earn us points.

[Kosaka] It will surely do so. But, the issue of arms exports has another side to it. There is no hope of success when it comes to the question of how to ban arms exports or how to create an international system for banning such exports.

[Kusaka] The issue is who is going to act as police and how to punish violators. For the time being, though, a system of notification to the United Nations has been established.

[Kosaka] I believe strengthening of that system is the best way to go, and probably there is no other way. However, as this system does not require imposition of a penalty internationally, we must cultivate public sentiment that those countries selling a large amount of weapons are bad. Anyway, in this issue, as in the case of North Korea, we cannot achieve a 100-percent ban. The Japanese tend to aim for 100 percent, so this point is not well understood.

[Kusaka] That's true in relation to foreign countries. But, for itself, Japan is a country that strives for more than 100 percent.

[Kosaka] Yes. But, Japan must understand that this is an exception to the norm. Even if North Korea has made two or three nuclear weapons and is hiding them somewhere, and if we try to do something about this, that will require a tremendously thorough monitoring system. Although we'd better think that it's all right as long as we can achieve our objectives to some reasonable extent, many people don't like this way of thinking.

[Kusaka] I once said to Americans, "Even if North Korea had two or three nuclear weapons, Japan would be all right. As we had experience in the past, we are immune to such a situation. Even if two or three bombs were dropped on Tokyo or Osaka, Japan would never perish." This is true. As an atomic bomb, not a hydrogen bomb, of the size that was dropped on Hiroshima would only kill and injure people within a radius of 2,000 meters, the country will not perish. When we think of the fact that 10,000 people die in automobile accidents each year, we'll be all right with such a bombing.

[Kosaka] And, because of the real risk of retaliation, bombs will not be used.

[Kusaka] That's right. Once a bomb is used, that's the end of it. Instead, Japan can retaliate by making 100 bombs.

[Kosaka] If we come to that point, the United States will take care of it. The issue of arms proliferation has this kind of aspect, and if we try to come up with some foolproof devices, we may end up making errors. But, as far as the issue of North Korea is concerned, the United States has been acting sensibly, I believe. Unlike the problems relating to Central and South America, the issue of nuclear and arms proliferation is serious, and if it is not handled right, it will be costly. The number of deaths among soldiers alone will be staggering. For this kind of issue, the United States is very sound-minded; it never does anything reckless.

[Kusaka] As the Second Division of the U.S. Army maintains 35,000 personnel in Seoul, there is a possible loss of these 35,000 soldiers. In addition, there are approximately 30,000 family members of these soldiers. Reportedly, the Navy related that "it will be able to take care of nuclear reprocessing plants by using its Tomahawks only." Even if it could, however, if North Korea becomes enraged and begins a southward advance of its ground troops, the United States will have to be prepared for the loss of those 30,000 individuals.

[Kosaka] Therefore, I believe that the estimate by the U.S. Joint Chiefs of Staff was right, and I can understand well why the United States acted cautiously. I think that was a proper thing to do. The problem seems to have been resolved satisfactorily.

[Kusaka] Military officers can be more level-headed, and sometimes more political, than politicians. (Laughter)

[Kosaka] That has always been the case. In the main, a war is caused by politicians, not by military officers, although, like Japan in the prewar period, military officers could cause a war. (Laughter) By nature, military officers know what will happen when they engage in a war.

[Kusaka] Therefore, they must be cautious.

[Kosaka] On the other hand, civilians are armchair strategists, and they don't know the real horror of war. They tend to say lightly something like, the number of soldiers to be sacrificed will be limited to 1,000. But, as military officers know how serious it is to let 1,000 soldiers die, they apply brakes. Therefore, I ask civilians in control to listen to military officers and respect their opinion, especially when these military officers say no.

When PKO Can Be a Disadvantage

[Kusaka] In the United States, a soldier to be promoted to lieutenant general in the Army must have been assigned as commander of paratroops, the most dangerous duty, during his time as brigadier general. In Japan, on the other hand, not a single uniformed officer is admitted as a member of the National Security Council.

[Kosaka] I think the council will develop some stupid strategy, sooner or later. I hope such will not be the case in dealing with the issue of Rwanda.

[Kusaka] In that sense, I think it's good that the duration was limited to three months. Anyway, it's a strange rule that only one submachine gun can be carried. Why one, not two submachine guns? I want somebody to give me a thorough explanation of this.

[Kosaka] That's the kind of thing only civilians tend to think up. A real uniformed professional would have said, "We may have to send our troops, but there seems no hope of success." It is dangerous not to ask opinions of uniformed officers.

[Kusaka] In deciding whether to send our troops, an investigation committee of our Diet members was sent to the region to see if it would be safe to do so. That was strange to begin with. Military officers should be dispatched first to such a dangerous place.

[Kosaka] Also, during the Vietnam war, such amateurs as thinkers from the Pentagon and the president's National Security Council visited the area and contributed somewhat to the escalation of the war. Amateurs are dangerous. It is like having those other than physicians decide whether to perform a surgical operation. Even if the patient seems to need such an operation, because he may die without it, only medical doctors can judge if the patient has enough physical stamina to undergo an operation. It is very dangerous to let amateurs make judgments.

[Kusaka] A surgical operation can be effective only when the patient is healthy except for his afflicted area. But, out of 180 countries that are members of the United Nations, only about 20 are healthy like that.

[Kusaka] Oh, no, please increase your number a little more. (Laughter)

[Kusaka] Only about 30, then. (Laughter) The rest are like jellyfish, each having a so-called president amongst various tribes scattered here and there. Such countries cannot keep promises even if they are told to abide by the Treaty of Washington or not to export weapons. They cannot be treated as nations.

[Kosaka] That, if I may return to what I said earlier, relates to the lack of understanding on the importance of the principle of no interference in domestic affairs. This also applies to scholars of international affairs. It was not much of a problem during the cold war, but the principle seems to have been forgotten along the way. Yet, scholars in Europe and the United States have recently begun to discuss this issue.

[Kusaka] Is it probably because Mr. Butrus-Ghali began to interfere in domestic affairs in earnest?

[Kosaka] No. It started earlier, when they initiated PKO [UN peacekeeping operations]. I'm completely in favor of PKO. Recently, however, troops have been dispatched to many places without much restraint.

[Kusaka] That has been costing money and has produced no substantial results.

[Kosaka] What's worse is that sending troops can cause negative results. Coming to realize this, quite a few scholars have begun to rethink the traditional principles of international law.

[Kusaka] Are there any studies on such negative cases?

[Kosaka] Yes. The best among those studies at present is the manual of the British Army. I believe this to be the most sensible one on this issue.

[Kusaka] They have had a wealth of experience since the 18th century. (Laughter) Would you tell me its contents?

[Kosaka] The manual says that, in principle, PKO should not be used without the consent of the parties involved. Without such consent, you cannot gain cooperation from local people; you will not be able to maintain fairness. However, it is quite difficult to meet this condition, and the British Government seems to think it a rather too rigid condition and even problematic. Anyway, at least the Army considers it necessary.

[Kusaka] In addition, as a matter of course, it is important for us to have a thorough understanding of the parties involved. For example, Japan doesn't know Somalia. Even the United States doesn't have much knowledge about the country. Yet, when Bush sent troops to Somalia suddenly without a UN resolution, the Japanese Government issued a statement in support of the action before anyone else, saying, "What Mr. Bush did is right." That was too hasty and imprudent. "Japan doesn't know the local condition" should have been the correct thing to say. Why didn't Japan's Ministry of

Foreign Affairs say so? I'd like to say to them, don't pretend to be knowledgeable.

[Kosaka] Probably so. That was quite different from the case of PKO in Cambodia.

[Kusaka] Then, we should practice an extremely realistic theory; that is, if you interfere in the domestic affairs of an unknown country, you will not be successful, and when you are not confident of success, you must refrain from such interference. This will be like a territorial agreement in the old days. How about having such an agreement once again?

It is considered wrong for superpowers to have their territorial domains. But, for example, how about Japan making a statement in advance, saying, "We don't know much about countries other than those in Asia, so we are not going to get involved there, and, as we have no idea about Africa in particular, we will contribute our money but never send our people?" We should be able to get by with this sort of argument in the international community.

[Kosaka] That relates to the issue of spheres of influence. Diplomacy based on a sphere of influence is not good. Therefore, I believe that all this should be dealt with by the United Nations. In Mozambique, Japan's PKO was successful. But, for those places whose situations we don't know, we should find some appropriate excuse, and....

[Kusaka] Avoid involvement? (Laughter) That's also a foreign policy.

[Kosaka] I would say that we should do what Komeito does. In other words, once candidates are selected, they must be elected. Never send candidates to doubtful districts. (Laughter) If you can succeed more and more in this way, you will be able to gain support from the public much more easily.

[Kusaka] So, what you are saying is that we should consider spheres of influence to a certain extent, isn't it?

[Kosaka] In most cases when you try to create a nation, you will not be able to accomplish much, unless you stay at it for a long time. Therefore, my kind of argument should become considered important. In this respect, what's good about the U.S.-led civilization is that people can debate issues openly. Then, something good will come out.

The United States Had a "Bad Mental Illness"

[Kusaka] Lastly, what is your opinion on the Japan-U.S. framework talks?

[Kosaka] They were absolutely horrendous. We humans sometimes get obsessed with wrong ideas, and I believe Americans have been just like that for the past three or four years. When people are like that, we can't say no simply because they are wrong, but neither can we agree with them. It's just terrible.

[Kusaka] I think we should have let sanctions be imposed on us. Even if sanctions were imposed on us, they would not damage our economy. As far as what will happen to the honor of a nation is concerned, the international community will make a final judgment. Bureaucrats in Japan are all trying to avoid punishment, and this is childish and no good.

[Kosaka] Even in the United States, as discussions on the issue progressed, many people began to think that the U.S. approach was wrong. I think this by itself is wonderful, but I wonder why so many people with wrong ideas have gathered in Washington.

[Kusaka] The United States is a country where people from different status levels say all kinds of things. We Japanese don't understand this, so we tend to accept a request at face value because: "The commerce secretary asked us to do so." This is not right.

[Kosaka] Such an interesting country. I think Japan should emulate the United States. When I talk with Americans in New York City about what Washington is doing, they say without hesitation, "Those people are crazy." They say that, because they are talking about their own country. Anyway, I'm amazed.

[Kusaka] A corporation president who frequents Washington says that his government is a disgrace to American business circles, or something to that effect. He also says that he goes to Washington because he has lost business to his Japanese competitors.

[Kosaka] In that respect, the United States is quite attractive, and I like it. But, occasionally, the center of Washington becomes dominated by some malignant disease. Then again, after a few years, it recovers from it. I believe, therefore, that the era of Japan bashing is basically over.

[Kusaka] I agree. It was never a major problem to begin with.

[Kosaka] Anyway, the issue was to what extent it was necessary for each side to save the other's pride. Here, I think Japan can be quite proud of what it has done. Also, in this case, there was quite a bit of public support in the international community. If we had chosen this as our theme, we could not have had a discussion session. Such a session would have been over in two minutes, reaching a conclusion saying, "that was wrong." American scholars think the same way.

[Kusaka] Because the Japanese remained silent in the past, all kinds of requests were imposed upon us. We can win if we make a counterattack. In a sense, Mr. Kantor got a counterpunch. (Laughter)

[Kosaka] Another thing I've been thinking about is that the United States lacks foreign policy. In the United States, each state is a "nation," and ever since the country was founded, it has had trade friction among its states. The U.S. Constitution has a so-called "interstate commerce clause" that allows the federal government to intervene and regulate trade with foreign countries, between states, and with Indians. However, once you are allowed to regulate commerce-related activities, you can do anything you want.

This is a true case, not fiction. The clause was used by Kennedy in the 1960's when he quashed state laws that permitted restaurants to ban blacks from entering. In other words, there were some states that discriminated against blacks, and this affected interstate commerce, and therefore, the federal government could intervene to regulate it. In fact, the clause solved quite a few problems. The legal principle here is extremely odd, but Americans seem to think there is nothing wrong with applying this principle internationally.

Then, in this age of interdependence, lawsuits occur whenever systems contradict each other between countries. Therefore, rather than considering it as Japan bashing, we should view it as the same kind of conflict that has been taking place within the United States.

[Kusaka] You are saying that Japan is like the 51st state. Come to think of it, the Philippines and Canada were treated the same way before.

[Kosaka] It is the same the world over. So, we should think simply that the extent of how we were treated is nothing unusual, and let those issues be tried that need to be judged in court. If our arguments are weak, we may have to yield a lot, but if we present our case right, we will not have to make too many concessions. We just need to think like that, I believe. This is not a major issue that will affect our national honor.

Here, however, what the United States must do is stop using the word "sanctions," which we talked about earlier in relation to ideology.

[Kusaka] That was terrible, indeed.

[Kosaka] "Sanctions" are what an international organization can impose on a sovereign country. They should not exist between sovereign countries.

[Kusaka] Otherwise, sovereignty has no meaning.

[Kosaka] That's right. In this sense, I must say that the United States acted crazily. I call it a PC problem, meaning that they should use politically correct words. What the United States did to Iraq can be considered as sanctions because it was enacted on a resolution of an international organization. However, as Super 301 has never been passed by an international organization, it is not a sanction at all. It is simply an act that would damage the opponent.

[Kusaka] According to the traditional way of diplomatic relations to keep an international order, when a conflict or a dispute occurs between sovereign countries, you must first file complaints, and then "retaliatory" measures are equally applied to both nations. If this doesn't work, there will be a doubling of retaliatory measures, and then a "war."

[Kosaka] That's possible in theory. In any event, flagging "sanctions" is not right. The word itself sounds terrible. Once a sovereign country starts trying to teach a lesson to another country, that's the end of the world. I just can't understand why the United States is trying to do so all over the world. Anyway, they will stop doing that, sooner or later.

[Kusaka] In that sense, Mr. Hosokawa was right in saying, "No." After this, the United States couldn't make a next move. When Singapore was told by Clinton to "stop caning the child who vandalized automobiles," the government had already investigated and found out that the child was a habitual burglar. It said, "Then, shall we try the child formally at court? If he is tried as a burglar, he will certainly receive a prison sentence." This silenced the U.S. side. North Korea and China all have their Plan B and Plan C, saying "No" in a dignified manner.

For example, when Secretary of State Christopher visited China and said, "If you don't do something about the human rights issue, we will stop granting you most-favored-nation status as of 4 June," China struck back by saying, "If so, we will buy jetliners from France." Clinton was completely floored by this, because he was worrying that this might enrage Boeing. A bulk purchase of 58 airplanes can wield great influence.

[Kosaka] Certainly so. But, Japan is not fit to act like that; it can do only sensible things. Thankfully enough, I think we can achieve enough results by doing sensible things.

[Kusaka] Japan has become that kind of superpower. When I think of a model for a superpower for the 21st century, Japan has already done most of the things as such a country. Yet, Japan doesn't act arrogantly.

[Kosaka] What's most important is to stay calm. The United States has been suffering from a bad mental illness for the past five years or so. When it looked around after the end of the cold war, it was astonished by Japan's affluence and got angry. Then, some strange people began to appear, but there are also many good people in that country. As they have realized that fighting will bring about major negative consequences to both countries, they will soon outgrow from this.

Article Criticizes U.S. 'Trade First' Policy

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[Article by Takeshi Matsuyama, chief researcher, Japan Research Institute]

[FBIS Translated Text] *1) Two years have passed since President Clinton was elected. When one summarizes U.S. foreign economic policy, one is unfortunately forced to say that it is in the process of steadily changing in an* *unfavorable direction. The first characteristic of this change is the intensification of a principle of "trade first" (new mercantilism).*

2) The second characteristic is the promotion of the expansion of the so-called "trade framework." This refers to the fact that in name of achieving fair trade, partner nations are pressured to take action even on policy problems that were formerly discussed independently of old trade issues, such as intellectual property rights systems, environmental restrictions, and, further, labor standards, human rights issues, consumer protection systems, etc.

3) These changes, despite the U.S.-Japan framework talks, are casting a shadow over multinational international negotiations, such as frequent bilateral negotiations, the GATT (General Agreement on Tariffs and Trade), and it is necessary for Japan to hasten its management of this issue.

Greater Emphasis on Foreign Negotiations Than on Domestic Policy

Even without pointing out classical economics since the time of Adam Smith, the benefit of increased economic efficiency and activation brought about by trade is something that is recognized by most people.

However, international trade is not a magic wand that can unconditionally improve one country's economic activities and the standard of living of its people. The various elements that have an impact on the trends of a nation's economy begin in its micro and macro policies and systems, and although international trade extends over a wide range, even as far as the educational system, and is an important element, it is, after all, only one of these elements.

The Clinton administration has indicated a stance of placing the greatest emphasis on trade as its trump card for U.S. economic expansion since the period during the presidential election. It has placed as a high priority the removal of trade barriers of various foreign countries that are obstructing the expansion of U.S. exports and has developed a foreign economic policy that should be termed a "trade first" policy.

As a case in point, even the people responsible in the U.S. Government recognize in level-headed discussions the fact that the U.S. budget deficit and the low ratio of private savings are the greatest causes of the large current account deficit. Nevertheless, politically, efforts are made to place responsibility for that on overseas trade barriers and macro policy.

Also, instead of addressing this problem with improvement of their own nation's educational system and employment training system as the highest priority, they are focussing their efforts on the closed nature of foreign markets in leading industries as well as on the inadequacy of the intellectual property rights protection system of developing nations.

The Clinton administration specifies as targets the "problems" of foreign nations concerning trade, and has used the political method of gaining support of the people by securing "results" via bilateral or multilateral negotiations after making public pledges domestically.

However, if one examines those results, such methods as requesting rectification of the foreign policies and systems of foreign nations which are not substantive causes of the problem while neglecting domestic corrective actions are hardly persuasive to foreign nations, and friction naturally expands. Domestically as well, although the attention of the nation may initially be diverted abroad, the situation does not improve because the domestic corrective measures which are the original solution policies are insufficient, so frustration intensifies. The limitations of the Clinton administration's foreign economic policies are becoming clear even as a political means.

One thing behind this principle of putting trade first is the perception since the 1970's of the Asian NIE's (newly industrializing economies) and ASEAN achieving economic development catapulted by the international division of labor and international trade. Nonetheless, the significance of domestic issues in the U.S. economy, whose economic scale defies comparison to these nations and which has a high degree of self-completion, is greater than other nations.

Of course, there are even those in the United States who express apprehensions about this tendency toward emphasis on trade and neglect of domestic issues. Stanford University Professor P. Krugman has created controversy and has been published in the U.S. journal FOREIGN AFFAIRS admonishing against placing excessive importance on the influence of trade and the need for domestic policies for improving productivity. Unfortunately, however, the situation at present is that Professor Krugman's assertions are shared by a minority even among economists.

A Shift to Protectionism Under the Pretext of "Fairness"

Another important characteristic of the Clinton administration's foreign economic policy concerns issues that were formerly independent from discussion of policy issues. These include issues such as intellectual property rights and environmental restrictions. This is the method of pressuring partner nations to take action (this paper refers to this tendency as "trade framework" expansion) on those issues by focussing attention on the influence they have on trade as part of the trade problem in the name of achieving fair trade.

Recently, there have been increasing calls mainly in the United States and France that propose studying the inclusion of labor standards, particularly of developing nations, in the "trade framework" in addition to intellectual property rights systems and environmental restrictions.

This is the assertion that "expansion of trade with developing nations, whose labor standards are inadequate, is having an adverse effect on the real wages of unskilled workers in industrial countries such as the United States. Labor standards of developing nations are hindering fair international competition, and the WTO (World Trade Organization) should explore how to rectify this situation."

To be sure, in contrast to climbing real wages among the high wage group in the United States in the 1970's and 1980's, wages of those in the lower income group, conversely, have declined and a bipolar split is occurring in the rate of wage increase. Further, even in 1993, two years since the U.S. economy went into an upturn, the ratio of household finances under the poverty line is continuing to grow.

However, opinions of economists are divided on the point of whether this low wage stratum, or rather the drop in the real wages of unskilled laborers, was caused by the expansion of trade with developing nations in the first place.

Further future analysis is necessary, but it is difficult to imagine that "inadequate labor standards of developing countries," which are merely one element behind the "expansion of trade with developed nations," has had a profound impact on the drop in real earnings of unskilled labor in the United States.

Nevertheless, due to approval of NAFTA (North American Free Trade Agreement), this type of protectionist thinking is on the rise mainly with labor unions, which became exposed to fiercer competition than before with low-wage Mexican labor. This is strongly influencing the policy of the Clinton administration.

Labor Secretary Reich is treating the problem of labor standards of developing nations as a human rights question and not as a trade issue. Assuming that is true, it should not be necessary to adhere to handling this problem at the WTO nor should it be necessary to tie labor conditions to trade.

Behind the effort to argue for making connections between areas such as labor standards whose impact on trade is not necessarily clear and trade can at times be glimpsed as the idea of wanting to secure a sense of effectiveness imbued with a compulsive capacity in negotiations rather than of dangling the prospect of trade sanctions.

The Clinton administration is using trade sanctions for human rights issues outside of labor standards. For instance, relatively recently the United States tried to pressure concessions from China on human rights issues in relation to the question of extending MFN (most-favored-nation status) to that country (the result was failure for the United States). No matter how noble the concept of human rights is, it must be said that there is a problem in taking the stance that any means are justified for a just end.

In the past, the United States has said that there are problems with the effectiveness of the GATT and as a means of compensating for this has asserted the justness of unilateral measures based on the Super 301 clause and bilateral negotiations.

However, due to the fact that agreement was reached in the Uruguay Round and the GATT yielded definite results, as well as the fact that the Uruguay Round agreement included a prohibition on unilateral measures, the United States is being forced to respect the GATT more than in the past and, moreover, the WTO which will be established next year. In the future, there will be a shift from the former stance of excessive emphasis on bilateral negotiations to a somewhat greater emphasis on multilateral negotiations, and there is a good possibility that this will be used properly in response to circumstances.

Trade negotiations by nature should be multilateral and, although the direction of these changes itself is favorable, there will be a significant problem if the United States tries to take its tendencies of "trade first" and "expansion of the trade framework" to the WTO.

The following things are to be feared in the event that these tendencies were to increase: 1) Areas that possess important objectives outside of economic value such as environment and human rights would be made subordinate to economic objectives such as the realization of fair trade. 2) Even international negotiations on policy and systems whose relationship to trade is tenuous would be tied to trade and exposed to the threat of trade sanctions.

The question, then, is what should be discussed under the "trade framework" and what should be discussed independently of trade. Also, there is a need to form an international consensus concerning greater specifics on what should be handled by the WTO and what should not. At that time, it is thought that consideration of the following two standards concerning international "resource allocation" and "income distribution" will be critical.

First, what is the extent of impact that the relevant policies and systems will have on trade (the flow of international goods and services)? Put another way, what extent of an influence are they exerting on international "resource allocation"?

Further positive study is necessary regarding the extent of the impact of each policy and system on trade. However, as mentioned before concerning labor standards, it is thought that their influence on trade up to now could not necessarily be characterized as great. As for the issue of human rights, this is probably something that should already be excluded by the standard as a subject that is debated in connection with trade.

The Need To Put Brakes on Easy Sanctions

Second, there is the question of how much of an impact the relevant policies and systems are having on the international "income distribution and income transfer" via trade. With respect to intellectual property rights systems, when the system is inadequate in certain countries, patent rights, etc., are violated, and income which originally should be obtained by other countries ends up being transferred to the offending country.

On the other hand, concerning labor standards, even if the system in certain countries is inadequate, the impact that has on the international distribution of income is unclear. For instance, there are developing nations that are producing labor-intensive goods at a low price with lax labor standards and, when exports from that country to developed countries increase, theoretically, it cannot be denied that there is a potential for the wages of workers in the developed countries to receive a negative impact.

However, by inexpensive imports becoming possible, there is also, conversely, a possibility that real income of the industrialized nations in question will increase. It could be said that the necessity of the WTO taking up cases where the impact on international income transfer is insignificant, is relatively low. With establishment next year of the WTO near at hand, the system of international negotiations as it relates to trade is now at a turning point. It is not a time when Japan should be intent on fanning away the sparks landing on itself from the comprehensive economic talks with the US. It should take the lead in international discussion concerning the nature of the international negotiation system as a whole, and should put the brakes on the erratic expansion of the trade frame and the use of easy-going trade sanctions.

Accord With U.S. on Financial Services Announced

OW1001113195 Tòkyo KYODO in English 1119 GMT 10 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 10 KYODO—Finance Minister Masayoshi Takemura announced Tuesday [10 January] that Japan and the United States have reached a final accord on the opening of Japan's financial services market.

Takemura, now on a visit to China, made the announcement as Prime Minister Tomiichi Murayama was en route to Washington for a meeting with U.S. President Bill Clinton on Wednesday.

A statement issued by Takemura, which became available in Tokyo, said the Japanese-U.S. agreement will have significant bearing on the success of global liberalization of financial transactions.

The agreement is also of great importance in bilateral relations between Japan and the United States. it said.

The statment also said the Japanese Government will implement the agreement faithfully and steadily and apply it to third nations.

Finance Ministry sources said the agreement will be endorsed at the Murayama-Clinton meeting.

Takemura on Implications

OW1001141995 Tokyo KYODO in English 1405 GMT 10 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 10 KYODO—Japan and the United States have reached a final agreement on financial services in the bilateral framework talks, allowing foreign investment advisers to enter Japan's 20 trillion yen public pension fund market, Finance Minister Masayoshi Takemura said Tuesday [10 January].

Takemura, who is in Beijing on a three-day visit to China, said in a statement released here, "the agreement is quite worthwhile to both countries as it has significant implications not only for the Japan-U.S. economic relationship but also for moves toward liberalization of international financial trading."

The agreement was highlighted by the opening of Japan's public pension fund market to foreign investment advisory companies, the stickiest issue among U.S. demands, Finance Ministry officials said.

Investment advisory companies have been effectively excluded from management of Japanese public pension money, which must be managed by trust banks or life insurance companies.

Under the agreement, Japan will allow foreign investment advisers to manage its public pension funds worth about 19.5 trillion yen through "limited partnerships," in which the trust banks and insurers holding the funds in trust will invest, the officials said.

Tokyo will also give foreign investment firms access to Japanese corporate pension fund and stock-centered investment-trust markets, they said.

Japanese Prime Minister Tomiichi Murayama and U.S. President Bill Clinton will confirm the agreement at their meeting in Washington on Wednesday, they said.

Along with the opening of the public pension funds market, the accord is expected to remove the walls which strictly separate investment trusts from investment advisers, the officials said.

The accord also calls upon Tokyo to deregulate cross-border financial deals and corporate bond underwriting and to make it easier for foreign firms to introduce new financial products, the officials said.

"Japan will positively consider the introduction of a domestic asset-backed securities market after appropriate resolutions of investor protection and legitimacy," an official at the ministry said.

In addition, the two nations agreed to secure the transparency of administrative proceedings, to apply antimonopoly laws to financial services, and to use objective criteria to assess progress in the fields of banking and securities operations, cross-border trading, and fund management, they said.

But the official said, "the quantitative and qualitative objective criteria will not be numerical targets."

Takemura said in the statement that the Japanese Government will implement the agreement "faithfully and steadily" and apply it to third nations on a most-favored-nation basis under the World Trade Organization (WTO) in Geneva.

With the agreement opening Japan's public pension funds market, pessimism is growing among trust banks and life insurance companies which used to monopolize the market.

"I think there will be a significant influence on pension fund management operations by trust banks," said a senior official of the trust bank industry.

Takehide Sakurai, chairman of the Life Insurance Association of Japan, also expressed concern about the negative impact on the monopoly, saying, "I'm afraid the agreement will have quite an impact."

Meanwhile, Hiroshi Yonesato, chairman of the Securities Investment Advisory Association of Japan, welcomed the agreement, saying, "it will enable the investment advisory industry expand business in the area of public and private pension funds. So, I appreciate the efforts by the persons concerned."

Basic Guidelines for Deregulation Plan Decided

OW1001073695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Jan 95 Morning Edition p 5

[FBIS Translated Text] The government has decided on basic guidelines for the deregulation promotion plan (1995-1999) which it wants to complete by the end of March.

The contents of the guidelines are: 1) the status of government offices's reviewing of their regulations up to the end of 1994 will be made public at the end of January; 2) in formulating new deregulation measures, priority will be given to the areas where demands for deregulation from abroad and at home are strong; and 3) the deregulation plan will be revised every year to reflect the findings and views of the Administrative Reform Committee.

These contents are intended to respond to the demands of the U.S. Government and the Japanese private sector, and the results of the government offices' review of their regulations will become the basis in formulating the plan. The government will make a public announcement of the basic guidelines on 10 January, and Prime Minister Tomiichi Murayama will inform President Bill Clinton of this at the Japan-U.S. summit on 11 January. The deregulation promotion plan will clarify the portions of the deregulation measures which were unclear and ambiguous as to their contents and when they will be implemented from among a list of 1,154 items of deregulation measures that have already been announced. It will also contain new deregulation measures which have been worked out in closed-door sessions.

Some of the regulations will be retained despite demands for deregulation at home and abroad. Regarding such cases, the government will explain the need and justification for retaining such regulations. The government will cite the following six areas as priority areas for deregulation—finance, securities, and insurance services; telecommunications; import procedures, standards, and licenses; distribution; energy; and agriculture. The application of international standards on construction materials, and the simplification of controls on telecommunication services, including those on charges, are among the specific measures to be emphasized in the plan.

The government so far has been hesitant about making formal announcements on the progress of the plan being formulated, and it has considered all the demands and views on deregulation from the United States and Europe as well as the private-sector organizations of Japan only as reference materials. The government was afraid that if an interim report is issued, additional new views and demands will pour in, thus causing the plan formulation work to be further delayed. With the number of demands from the private sector surpassing 3,000 in all so far, the government also thought, if it tries to put them into the plan, there will be no way to finish it.

But the eyes of the people at home and abroad on the government's basic position on deregulation were so wary and stern. Even within the government, there were voices demanding transparency in the plan formulation process from the Ministry of International Trade and the Ministry of Foreign Affairs. Given this condition, the government has decided to make public the draft plan and the guidelines, and to use them as a chance to publicize that the deregulation is one of the most important goals of the Murayama government.

As far as the system of revising the plan every year is concerned, it has been known that the Management and Coordination Agency has made a request to this effect, but it is the first time that this has been publicly confirmed. The government, in a meeting of the Industrial Restructuring and Employment Measures Headquarters, which was established in December, had said that the expression in this regard should be that "it can be revised when necessary," but the government has since changed it position, accepting the U.S. Government's demand that the plan "should be revised every year."

75 Items Listed for Study on Deregulation

OW1001091995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Jan 95 Morning Edition p 3

[FBIS Translated Text] The Ministry of Transport [MOT] has compiled a list of 75 items, including a more flexible vehicle inspection system, to be reviewed in connection with plans to carry out deregulation in the distribution industry. In this way, the ministry hopes to improve the efficiency of Japan's distribution system which has been criticized as being "more costly in comparison with other countries' systems." The "Cargo Distribution Headquarters," which has been set up within the ministry, will undertake the review, in hopes of completing the work in March. The ministry will then determine which deregulatory steps are feasible and incorporate them into the Deregulation Promotion Project (for FY 95-FY 99), which is to be compiled by the government.

The list of items to be studied have been compiled based on opinions gathered from the distribution industry. The MOT plans to continue accepting requests and enlarge the list.

Regarding deregulation of the vehicle inspection system for which there are strong requests at home and abroad, a review will be made on such aspects as extending the period of validity of the vehicle completion inspection. Currently, manufactured automobiles undergo a completion inspection which is valid for six months. Cars that are not sold within six months, regardless of whether they be brand new, must undergo the completion inspection process all over again. Consequently, there are strong requests within the automobile industry calling for an extension of the period of validity. The MOT plans to investigate the probability of malfunctioning and other defects developing in automobiles, and if it finds no problems, it plans to extend the validity period for a few months. Since there also are requests to lengthen the interval between vehicle inspections regarding commercial vehicles which is currently one year, the MOT plans to take up the issue for review.

In addition, the ministry plans to discuss, among other topics, the following requests: 1) abolishment of the requirement on notifying warehouse fees; 2) deregulation and abolishment of the current shipping space adjustment system which limits the number of ships operating in domestic waters; and 3) expanding trucks' operating zones.

The MOT also plans to cooperate with other government ministries and agencies to carry out deregulation not only in areas under its jurisdiction but also concerning whatever may help improve the efficiency of the distribution system. For example, among other problems, it has been pointed out that although vegetable oil retained in ordinary cargo containers is permitted to be transported aboard ships, the Fire Services Act prohibits its transport by trucks under the same conditions. Since the MOT believes that "it would be more efficient to transport the product without any reloading if it has a high flash point," the ministry plans to ask the Fire Defense Agency and others to review the matter.

Talks With U.S. on Technology Access Set 11 Jan

OW1001063195 Tokyo KYODO in English 0555 GMT 10 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 10 KYODO—Japan and the United States will hold a working group meeting Wednesday [11 January] in Tokyo to discuss promoting access to technology under the bilateral trade framework talks, the Foreign Ministry said Tuesday.

Japanese officials from the foreign and trade ministries and the Science and Technology Agency will attend the third meeting of the working group. State and Commerce Department officials will attend from the U.S. side, the ministry said.

The working group is one of five such in the "economic harmonization" sector under the framework negotiations.

In the talks, the two sides will discuss ways to promote access between the two countries to technological information and facilities.

Tokyo and Washington have held the working group meetings twice before, in December 1993 and in August 1994.

Tough Negotiations Expected in FSX Talks

OW1001085695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Jan 95 Morning Edition p 2

[FBIS Translated Text] The Japanese and U.S. Governments, which have been jointly developing the next-generation support fighter (FSX), will hold full-fledged negotiations over mass production of the aircraft in mid-January. The first model is expected to be completed soon and scheduled to make its first flight this summer. Plans call for mass production of the aircraft to start in fiscal 1996. While Washington has informally notified Tokyo that it wants about 120-130 planes produced, Japan foresees problems with such a large production run because the threat from the former Soviet Union has evaporated with the collapse of the Cold War structure and the nation's defense budget has been restrained for several years.

It is expected the two governments will negotiate a production run of 70-120 planes, but tough talking on the issue seems inevitable.

The FSX, which will replace the F-1 support fighter currently in service, is being jointly developed with the United States. Japan, though, will meet the full cost of development. The new fighters will be packed with such sophisticated features as advanced control technology.

The Defense Agency [DA] and the U.S. Defense Department have already begun negotiations on concluding a memorandum of understanding (MOU) on mass producing the aircraft. Relevant corporations have been asked to make cost estimates.

When agreement was reached in November 1988 to develop the aircraft, the original plan was to assign 25 fighters to each flight squadron under support fighter units. Under this plan, 120-130 planes would have been needed, including reserve and training aircraft. The U.S. Government, therefore, considered this an appropriate production run.

However, the situation has changed dramatically in the meantime, both domestically and internationally. Internationally, for example, the Cold War structure has collapsed. In addition, Japan's fiscal 1995 defense budget showed a drop in spending on major equipment by 6.5 percent over the previous fiscal year. As large increases in defense spending are unlikely evben after fiscal 1996, it has been suggested in some in the DA and Self-Defense Forces that "18 planes per squadron, or a total of 70 to 80 planes should be the limit."

The negotiations are due to be conducted in an atmosphere affected by strong doubts within the Social Democratic Party of Japan on the mass production of the FSX. In the security policy compiled last August, it was expressly stated that a "study will be made, including reconsideration" of the FSX. This was because analysis revealed that the role of the support fighter has lessened because the threat of direct invasion of Japan has greatly diminished.

Another factor affecting the FSX project is the uncertainty surrounding the Defense Buildup Program beyond fiscal 1996, as it is connected with the planned review of the "National Defense Program Outline." There is a feeling held by some in the DA that it will be difficult to decide the aircraft production run by the time the fiscal 1996 budget requests are due.

Meanwhile, the U.S. Government, which has to take into consideration its own defense budget cuts, has insisted that 120-130 planes should be built, as originally planned, or at the very least 100.

The FSX development project has developed into a political issue between Japan and the United States. A dispute over the ratio of aircraft to built by each country was settled by a political agreement under which "Japan will produce 60 percent of the aircraft, and the United States 40 percent."

Such circumstances also make it inevitable that tough negotiating is expected over the aircraft production run.

Changing Nature of Trade Issues in WTO Viewed

952A0217A Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Nov 94 p 26

[Article by Kenji Hiramatsu, Ministry of Foreign Affairs Foreign Policy Bureau General Affairs Division: "Trade Issues Under WTO Of Different Nature"]

[FBIS Translated Text] **Concern on "Restrictions Due to Other Objectives"; Negotiations With Addition of Environment and Other Experts**

1. New issues after the Uruguay Round will have a considerably different character than those previous.

2. Particularly, a focal point will be the extent to which trade measures will be approved due to other policy objectives such as preservation of the environment and improvement of labor conditions. There also is concern that debate in the direction of restricting trade for set objectives will occupy the mainstream.

3. Participation by experts on matters other than trade issues will be indispensable in the Organization for Economic Cooperation and Development (OECD) and the World Trade Organization (WTO).

Domestic Policies Other Than Trade a Problem

It has been a long time since new trade issues after the Uruguay Round have come to be debated among those in charge of trade policy in various nations. Already since around 1990, the posing of new trade issues that were not taken up in negotiations and countermeasures have been discussed in OECD with concern being placed on creation of new rules in the future.

This work is becoming more and more important under conditions where protectionist moves are becoming deeply rooted in various aspects. Having substantially accepted the resolution of Uruguay Round negotiations in February last year, the undertaking of these issues with the OECD and the newly established WTO at the center probably will become more active in the future.

The themes of new trade issues have not been fully narrowed down and trade issues which should be studied in the future are widely divergent, including the ideal multilateral trade structure for various issues related to regional integration represented by the European Union (EU) and North American Free Trade Agreement (NAFTA).

At this point, let's center consideration on trade and competition policy, the strengthening of investment rules, trade and the environment, and trade and employment or labor conditions, which were recognized by OECD as major items in new trade issues after the Uruguay Round and were especially mentioned as new trade issues where future undertakings should be strengthened at the Naples summit in July 1994.

First of all, a characteristic is that these themes consider the connection between basic trade policies and other domestic policies as a problem. In the Uruguay Round, there were themes having a close connection with domestic policies such as the service sector, intellectual property rights, and agriculture, but this trend is becoming more and more prominent in new trade issues. Behind this, the influence of domestic policy on trade is expanding along with economic globalization.

Along with a corporation becoming active globally, concern is gathered due to the domestic regulations of the respective countries and at times these have come to be perceived as trade barriers. For example, in problems with the Japanese affiliation and distribution systems that were taken up in the U.S.-Japan Structural Impediments Initiative (SII) talks, the issue was raised by the United States that Japanese antitrust policies are an example of obstructing market access. The fact that differences in the competition policies of various nations may be a trade barrier has become a big theme in the trade and competition policy that is being discussed now.

Regarding discussion on trade and the environment, debate also has been made on whether a system with an obligation to recover empty bottles and empty cans or to indicate products kind to the environment that has environmental preservation as its objective will become an import obstacle. There is growing awareness of the problem that market access in the true sense probably cannot be achieved only by dealing with border measures centering on tariffs.

Debate is being conducted in OECD on what market access is in a globalized economy, but discussion is being sought from a rather broad viewpoint on provision of conditions where foreign products not only truly pass through borders, but where foreign firms or products can exist in the respective markets.

Upon investigation of the debate, it ultimately is linked to discussion that harmony in the domestic laws of the various nations is necessary and, consequently, domestic policy itself is becoming the target of debate.

In debate on trade and competition, some people concerned with trade are demanding the creation of international rules on competition that control restrictive business practices and the absorption and merger of multinational corporations. Concerning this opinion, the view that the laws on competition in various countries have been formed over a long time reflecting the economic system of each nation and that creation of international rules will be difficult has been strongly indicated particularly by authorities on competition policy.

Joint work by those concerned with trade policy and experts in the other policy fields of competition, environment, and investment is sought in the undertaking of new trade issues like this, and a rather complicated process of proceeding with work while deepening understanding by both will be necessary.

Second, it typically has been seen in debate on trade and the environment or trade and labor conditions, but a focal point will be the extent to which adoption of trade restriction measures to achieve other policy objectives will be permitted.

There have already been incorporations of trade-related provisions in environment-related international agreements like the Montreal Protocol, which incorporated trade regulations on products using fluorocarbon gas, but the opinion by environment-related groups that exercise of trade restriction measures to deal with environment issues should be rather broadly authorized is growing strong.

One instance where the trade and environment issue attracted international attention was the case when the United States restricted the import of tuna caught in a form contrary to the protection of dolphins, but the propriety of exercising trade measures to achieve an environmental objective in this form has become a big theme. (This matter was argued by a GATT panel, and a panel report of GATT violation was prepared in September 1991, but so far has not been adopted.)

It cannot be denied that a side aspect of the issue of trade and labor conditions, the importance of which the United States and France in particular pointed out in the Uruguay Round cabinet ministers meeting held in Marrakech in April 1994 advocating that it should be taken up later as an important theme in new trade issues, has been seeking improvement in labor conditions of nations with poor labor conditions by taking trade restriction measures against products of said countries.

Competition From Newly Industrializing Nations a Threat

The importance of environmental protection and improvement of labor conditions should not be denied and it is natural to concentrate all kinds of effort to achieve these goals. However, if trade measures are permitted as a method for that, it is apt to open up a way for sometimes taking arbitrary trade restriction measures as a cover for other policy objectives, and this is the reason why the creation of some rules is considered necessary.

It is necessary to examine closely whether the adoption of trade restriction measures is truly necessary, whether there is conformity with numerous GATT provisions, and whether trade restriction measures adopted to shed light on those objectives are well-balanced.

A person attending a OECD trade committee meeting stated the opinion that, "Previously, persons in charge of trade policy have strived with the objective of liberalizing trade such as lowering tariffs, but there should be concern that discussion in the direction of restricting trade for set objectives is becoming the mainstream in debate on new trade issues."

Third, a characteristic of new trade issues after the Uruguay Round is that many deal with problems that directly influence product competition in various countries. International competition is becoming more and more keen, and corporations are expanding global activities in order to reduce production costs. Asian nations and regions especially are increasing competition centered on labor-intensive industries and, as they are threatening some industries of advanced nations, a tendency has appeared in some quarters to see the factor of competition by the newly industrialized nations as a problem.

Low wages coming from the existence of an ample labor force is considered a problem and the assertion has been made that the import of products which are manufactured with the support of low wages and are competitive in price is taking away employment. The comparatively dominant principle is that specialization in the manufacture and export of labor-intensive products by countries that are blessed with labor resources is linked to effective use of worldwide resources and debate against this principle has come to be seen.

The overwhelming opinion among those concerned with trade has been against such debate, of course, and so far the opinion of taking up publicly the issue of low wages as a theme of the trade and labor conditions issue has hardly been seen at all.

However, while the unemployment issue is as serious as ever, particularly in Europe, there is a strong threat to competition from newly industrializing nations backed by low wages, and the possibility cannot be denied that this point will be taken up in future debate on trade and labor conditions.

Moreover, there are cases where some developing countries are more competitive than other countries which have strict environmental standards because they manufacture under poor environmental standards and in some quarters there is the opinion that there should be some regulations against these products.

Among these new trade issues after the Uruguay Round there is the issue that developing countries have been seriously affected. A future topic will be how to obtain the understanding of developing countries in proceeding with discussion.

Negotiations Necessary on Individual Themes

Many of the new trade issues since the Uruguay Round have a considerably different character from issues handled in previous rounds, and it probably will be necessary to deal with them somewhat differently than the previous handling.

These issues differ from regular tariff reduction negotiations and there are many complicated conditions where it is necessary to begin first with a grasp and specification of actual relationships and to proceed with a calm and objective analysis of the issue.

Because areas outside the traditional trade issues also are handled, the participation of experts in other areas is indispensable and an effective approach would be to strive for resolution of an issue after fulling understanding the mechanisms of each other's system.

This approach has already been taken regarding trade and the environment and trade and competition in OECD, but a linkage between the application of the knowledge and views of other experts and special international institutions will probably be necessary in the WTO also. The possibility also cannot be denied that separate negotiations will be conducted on these issues by theme and there will not be the round form of negotiations which put them all together.

New trade issues since the Uruguay Round are a new challenge for those in charge of trade policy and if they do not deal effectively with them, protectionist pressure will increase more and more and the possibility even cannot be denied that the multilateral trade system itself which previously had been strongly maintained will be harmed. It goes without saying that the promotion and strengthening of a multilateral trade system has a life-or-death importance for Japan.

In that sense, it is necessary for Japan to take up new trade issues aggressively. The WTO probably will be the center for undertaking these issues in the future, but analysis and debate by the OECD also is important to smooth negotiations in the WTO.

Reportage on Visiting Mexican Foreign Secretary

Meets With Bank Directors

PA0901045995 Mexico City NOTIMEX in Spanish 0322 GMT 9 Jan 95

[FBIS Translated Text] Tokyo, 9 Jan (NOTIMEX)—Mexican Foreign Secretary Jose Angel Gurria Trevino met today with Bank of Japan [BOJ] leaders here on the first day of his visit to the country.

According to the Mexican Embassy, Gurria, who arrived in Tokyo on Sunday afternoon, held "an informal meeting" with the Japanese bank directors.

The Mexican foreign secretary and the Japanese businessmen will hold a news conference on Monday afternoon at the embassy "to explain the goals of this visit and the details of the talks," the diplomatic source added.

The BOJ refused to provide details of this morning's meeting between its directors and the Mexican foreign secretary. However, the official news service KYODO said Gurria "requested financial aid through the Bank for International Settlements" to face his country's monetary crisis.

Diplomatic sources told NOTIMEX that Japan might provide Mexico between $1 billion and $1.3 billion as part of an $18 billion international plan, half of which would be backed by the United States.

Gurria will remain in Tokyo until Wednesday. He is also scheduled to meet with the board of directors of the Import and Export Bank.

Sergio Gonzalez Galvez, Mexican foreign under secretary and former ambassador to Japan, indicated that

Gurria also plans to meet with Japanese Foreign Minister Yohei Kono, other high ranking government officials, and businessmen.

Directors of four private banks from which Mexico has requested a line of credit also expect to meet with Gurria to decide whether they will participate in the program. Gurria is known in Japan for having headed the renegotiation of the Mexican foreign debt in 1982.

Japanese banking sources said "Gurria's presence in Tokyo will serve to make more flexible the positions" of Sumitomo Bank, Ltd., FujiBank, Ltd., Bank of Tokyo, Ltd., and the Industrial Bank of Japan.

Requests Aid From Private Banks

OW0901114195 Tokyo KYODO in English 1110 GMT 9 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 9 KYODO—Mexico's Foreign Minister Jose Angel Gurria on Monday [9 January] welcomed the Bank of Japan's planned participation in an 18 billion dollar international emergency financial aid plan and urged private banks to join as well, the Foreign Ministry said.

Gurria made the call in a 40-minute meeting with his Japanese counterpart Yohei Kono.

Kono predicted that private banks may show "understanding" toward Mexico's economy and participate as well, ministry officials said.

International financial sources said, meanwhile, that Japan is likely to extend a loan package of up to 1 billion dollars to Mexico to help the country recover from its currency crisis.

Gurria, who arrived in Japan on Sunday for a four-day visit, emphasized that his trip is aimed at explaining Mexico's economic policy.

He said he wants to transform Mexico's currency crisis into an opportunity, saying a devaluation of the peso will, over the long run, help boost Mexico's exports.

"The fundamentals of the Mexican economy are also solid," he was quoted as saying, citing balanced government expenditures, an open economic system and steady implementation of privatization.

Further on Gurria, Kono Talks

OW0901113795 Tokyo KYODO in English 1115 GMT 9 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 9 KYODO—Japan and Mexico are at odds over the indefinite extension of the nuclear Nonproliferation Treaty (NPT), which is to be reviewed this spring, Foreign Ministry officials said Monday [9 January].

The difference emerged during a 40-minute meeting between Foreign Minister Yohei Kono and his Mexican counterpart Jose Angel Gurria, the officials said.

Kono urged Mexico to support the indefinite extension of the 25-year-old treaty, which bans nonnuclear powers from possessing nuclear weapons to prevent a proliferation of nuclear weapons.

Mexico's backing is important because the country has great influence on nonaligned countries, Kono was quoted as saying, adding that the NPT's indefinite extension is important as the first step toward the abolishment of nuclear weapons.

Gurria replied, however, that Mexico shares Japan's desire to abolish nuclear weapons but that an indefinite extension of the treaty would not help abolish nuclear weapons because nuclear experiments are still being conducted.

Secures $1 Billion Loan

OW0901144995 Tokyo KYODO in English 1404 GMT 9 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 9 KYODO—Japan will provide a 1 billion dollar official loan package to Mexico to bail out the country from a currency crisis that threatens to eradicate investor confidence in the Mexican economy, informed sources said Monday [9 January].

The loan will constitute a sizable 20 percent portion of a 5 billion dollar international loan package just promised by the central banks of the so-called Group of 10 industrialized nations to be extended through the Basel-based Bank for International Settlements (BIS), the sources said. The G-10 nations actually number 11 with the addition of Switzerland.

The figure represents the largest contribution among the central banks of Japan and European countries, they said.

In the context of the overall bailout package of 18 billion dollars the United States and a number of nations are now scrambling to compile, the Japanese figure ranks second and lags only behind that of the U.S.

The U.S. earlier vowed to provide 9 billion dollars in currency swap lines aimed at preventing further depreciation of the Mexican peso, a crisis that investors fear could whittle down the actual value of Mexican debt instruments widely known as tesobonos.

The Japanese loan figure is equivalent to that of the Canadian Government, which had also expressed its intention to provide 1 billion dollars to the Mexican Government.

Japanese financial authorities sketched out the size of the loan by taking into considerations such factors as the volume of bilateral trade, an indicator that points to the degree of interdependence of the two economies, financial analysts said.

An informed source said the Japanese decision to shoulder "an appropriate level of contributions" was prompted by the U.S. decision to extend the huge 9 billion dollars in currency swap lines.

The source said the U.S. swap line can be utilized for a range of capital demands except balance of payments support.

The 1 billion dollar Japanese loan will be spent to help the Mexican Government redeem its snowballing short-term Mexican Government securities, the outstanding balance of which is expected to reach 10 billion dollars by March, they said.

Foreign Minister Yohei Kono spurned a request by his Mexican counterpart Jose Angel Gurria to use government influence over private banks to extend additional credit to Mexico, ministry officials said.

Gurria was quoted as saying, "we have requested assistance by private banks, so we would be pleased if we could secure the understanding of the Japanese Government" on this point.

"The government cannot give such instructions to private banks," Kono was quoted as responding, "but I believe the relevant parties will show an understanding to the economic reform program of the Mexican Government."

Kono was referring to the economic reform package announced on Jan. 3 by the Mexican Government to control inflation while whittling down its huge external current account deficit, in a bid to prevent a further drop in the peso.

The Mexican Government has already approached four Japanese banks with which it has long-established business ties—Sumitomo Bank, Fuji Bank, the Bank of Tokyo and the Industrial Bank of Japan, according to international financial sources.

Outside Japan, Mexico is also seeking to tap the financial resources of a group of 19 major banks, including 9 U.S. banks led by Citibank, two Canadian banks and eight European banks such as Lloyds Bank of Britain, the sources said.

Gurria lauded the Bank of Japan's [BOJ] planned participation in an 18 billion dollar international emergency financial aid plan announced last week, the ministry officials said.

Gurria, who arrived in Japan on Sunday for a four-day visit, emphasized that his visit to Japan is aimed at explaining Mexico's economic policy. He also said he wants to transform Mexico's currency crisis into an opportunity, saying a sharp devaluation of the peso will, over the long run, help boost Mexican exports by paring down their prices in overseas markets.

On January 3, Mexico announced a string of economic reform measures to prop up its sagging currency that drew favorable comments from the chief of the International Monetary Fund.

IMF Managing Director Michel Camdessus described the principal goals of the reform program as "the containment of inflation and the reduction of the external current account deficit."

Following Camdessus' appraisal, the IMF and the Mexican Government launched negotiations that could lead to the IMF extending standby credit.

In usual circumstances, central banks move to compile an international financial bailout package to countries in distress after the IMF decides to extend its own credit package, following the recipient nation's acceptance of IMF conditions for fiscal or monetary reforms.

However, in the case of the latest Mexican currency crisis, the decision by relevant governments to put together the 18 billion dollar loan package preceded the IMF action.

Bank of Japan officials said they perceive the reversal of the usual order of proceedings as the result of the relevant governments' determination to prevent the Mexican crisis from triggering a chaotic chain reaction in international financial and securities circles.

In a related development, Vice Finance Minister Jiro Saito said Japan will continue taking part in international consultations to lift Mexico out of the financial crisis in the spirit of international cooperation.

In talks with BOJ Vice Governor Toshihiko Fukui and Bank of Tokyo President Tasuku Takagaki, Gurria asked for their help and influence in putting together the proposed 3 billion dollar loan package by the private sector.

The four banks contacted earlier by the Mexican Government said they have not heard any specifics about the amounts of assistance Mexico wants each of them to provide.

Meets With Businessmen

PA0901195095 Mexico City NOTIMEX in Spanish 1255 GMT 9 Jan 95

[By Gina Sandoval]

[FBIS Translated Text] Tokyo, 9 Jan (NOTIMEX)—Mexican Foreign Relations Secretary Jose Angel Gurria Trevino met here today with more than 300 Japanese businessmen to explain the new economic program that has been implemented to deal with the country's financial crisis.

The Mexican foreign minister said the financial crisis Mexico is experiencing "has not adversely affected the guarantees to invest in Mexico."

Gurria explained the details of the country's new economic program to a crowded room at the official residence of the Mexican ambassador in Tokyo.

The program includes a readjustment of the expected growth rate for 1995 from 4.0 to 1.5 percent and a reduction of the current account deficit to $14 billion.

Asked by Mitsubishi consortium representative about losses suffered by foreign investors in the last two weeks following the devaluation of the peso, Gurria said those who sustained losses were the holders of short-term investments.

"Businesses that have invested in production plants have not sustained losses because the value of these investments has remained the same and they will have enough time to recover because they are long-term investments," Gurria said.

Gurria said the Mexican Government "is making its best effort" to solve the country's social and political problems, which partially led to "hasty solutions being sought for the problem of the overvaluation of the peso."

Likewise, he warned that even though the budget will be reduced, social expenditures will remain the same. He added the government will maintain the truce in the southeastern state of Chiapas, where an armed group is operating.

The Mexican foreign minister, who arrived in Tokyo on Sunday afternoon for a four-day visit, said his government will issue, on Tuesday of this week, a new series of treasury bonds (Tesobonos).

He also announced that his government will start promoting sectors, such as transportation, comminications, and petrochemicals, which have suffered legal modifications in the past years to attract greater investments.

The Mexican foreign secretary refused to give details about his talks this morning with Bank of Japan Deputy Governor Toshihiko Fukui and Bank of Tokyo President Tasuku Takagi.

The official, however, pointed out that the negotiations regarding financial aid for his country "are on the right track."

"We will give details on 11 January," Gurria said in reference to a news conference scheduled at the end of his visit to Japan.

The Mexican Government asked the Bank of Tokyo, Sumitomo Bank, Industrial Bank of Japan, and Fuji Bank to join an international plan to assist Mexico with $24 billion.

The United States and Canada will contribute $10 billion of the total to "support" the economic plan that seeks to revive the Mexican economy.

Meanwhile, the Japanese Government promised to grant "substantial aid... but smaller than that of the United States" to Mexico through the Bank for International Settlements, according to Japanese diplomatic sources.

The same sources assured that the Japanese Government will reportedly extend a package of about $1 billion.

Gurria will meet this afternoon with Kohei Kono, the Japanese foreign minister and deputy prime minister. He has already met with officials of the Finance Ministry in Tokyo.

The Mexican foreign minister is scheduled to meet with officials of the Import-Export Bank and the Federation of Economic Organizations (Keidanren), the top business organization in Japan, and with other officials of the Japanese Government.

The Mexican diplomat will conclude his four-day visit to Japan on 11 January after holding a news conference at the Mexican Embassy in Tokyo.

Hopes Peso Will Stabilize

OW1001045295 Tokyo KYODO in English 0439 GMT 10 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 10 KYODO—Mexican Foreign Minister Jose Angel Gurria said Tuesday he hopes that the slumping peso will be stabilized at around 4.50 to the dollar in the next few weeks.

In a speech to Japanese institutional investors and financial officials in Tokyo, Gurria said, "What we have now is a period of market volatility in the exchange rate, which hopefully should settle around the 4.50 level. We believe that would be an appropriate level."

The market will calm down in the next few weeks," Gurria expected, noting that "the banking system of Mexico is sound...The new exchange rate is highly competitive."

Mexico has been suffering from dramatic falls in the value of the peso amid growing fears of inflation.

The foreign minister attributed the peso's crash to strong speculation during a period of political uncertainty, and several events both at home and abroad such as higher U.S. interest rates during the last quarter of 1994.

He suggested, however, the present currency crisis is different from that in the 1980s, saying Mexico continues to have low debts with one of the lowest debt-gross national product rates among member nations of the Organization for Economic Cooperation and Development.

Gurria said Mexico is trying to support the peso by means of an 18 billion dollar aid package—5 billion dollars from the Bank for International Settlements (BIS), 10 billion dollars from the United States and Canada and 3 billion dollars from commercial banks all over the world—as well as its own foreign reserves of 6 billion dollars.

"On Monday in Mexico, the exchange rate became a little bit stronger because we had some intervention," Gurria said. "So you need muscle, you need money to prove to the market that you have the capacity to stop speculation."

Gurria said half a billion dollars have already been used to stabilize financial markets in Mexico as a part of a 10 billion dollar credit line from the North American financial agreement of the United States and Canada.

Keidanren To Support Mahathir's EAEC Concept

OW1001061695 Tokyo YOMIURI SHIMBUN in Japanese 6 Jan 95 Morning Edition p 9

[FBIS Translated Text] The Federation of Economic Organizations of Japan [Keidanren] has decided to support the concept of the East Asian Economic Conference (EAEC) formation, sought by ASEAN countries. A formal announcement will come when Keidanren Chairman Shoichiro Toyoda tours the ASEAN countries in the spring.

The United States is very resistant to creation of the EAEC out of concern that U.S. influence in Asia will decline as a result. As such, the Ministry of Foreign Affairs is taking a cautious stand on this issue, saying: "The understanding of countries like the United States is necessary." But from the perspective of giving priority to Asia, Keidanren decided to announce support for the EAEC, running ahead of the government. How this private-sector-led economic diplomacy in Asia will turn out in the future needs to be watched.

The plan for creation of the EAEC, first proposed by Malaysian Prime Minister Mahathir, is that the organization should start with six ASEAN member nations plus Japan, China, and South Korea as members; and that such countries as Mongolia, Vietnam, and Myanmar [Burma] will join it later step by step, making the organization a consultative body encompassing the whole of East Asia. Unlike the Asia Pacific Economic Cooperation [APEC] forum, the United States will not be included in it. Hence, the United States cannot use its power of influence on the organization directly, and it has complained: "The EAEC seeks to be an exclusionary 'free trade region' open only to Asian countries."

In spite of this, Keidanren has arrived at the conclusion that it is only natural "Japan should participate in the EAEC." Keidanren based its conclusion on the rationale of the following basic understanding: 1) The EAEC will not be a "free trade region," but a kind of consultative organization subject to the World Trade Organization (WTO) inaugurated on 1 January; 2) at the private-sector level, there are already organizations for exchanges of views—like the "Asian Neighbors Conference," which is similar to the EAEC in its purpose; and 3) Japan should make efforts to correct the United States' misunderstanding that the EAEC will turn into an economic bloc.

Keidanren Chairman Toyoda is due to tour three countries including Vietnam in February, and to tour four other countries including Malaysia—Prime Minister Mahathir's country—in April. It is certain the EAEC concept will become a major topic on these tours. In a New Year news conference given on 5 January, Toyoda said his federation was "still discussing the EAEC concept." But he is now expected to announce the federation's formal view on the matter along the lines of this basic thinking soon—timed with the start of his scheduled tour of Asian countries.

In economic circles elsewhere, the International Relations Committee (chaired by Yukio Aida) of the Japan Association of Corporate Executives [Keizai doyukai] has already presented its view saying: "As long as the EAEC is to be a consultative organization based on WTO rules, we should accept the concept in principle."

In the private sector, there is a growing tendency toward supporting the EAEC concept before the government does.

Security, Nuclear Dialogue Expected With PRC

OW1001022395 Tokyo SANKEI SHIMBUN in Japanese 8 Jan 95 Morning Edition p 2

[FBIS Translated Text] As of 7 January, the Japanese and Chinese Governments have made arrangements to hold as early as the latter part of this week a "Japanese-Chinese Security Dialogue" in which Foreign Ministry officials and defense authorities of the two countries are expected to exchange views about improving transparency of military information and regarding security in Northeast Asia.

At the first "Japanese-Chinese Security Dialogue" held last March in Beijing, the Japanese Government asked the Chinese Government to discontinue nuclear tests and disclose the contents of its defense white paper, among other requests. The Chinese Government, however, provided no clear answers. Consequently, it is expected that this time, the Japanese Government will express its apprehensions about China's increased military spending and modernization of its military, and demand once again that nuclear tests be discontinued.

The DPRK situation is also likely to be on the agenda. There is also a possibility that discussions will be held on resuming exchanges between top-level defense officials which have been suspended due to the Tiananmen incident, ever since former Defense Agency Director General Yuko Kurihara visited China in May 1987.

Scheduled to attend the upcoming bilateral security talks are the bureau chiefs on Asian affairs at the Japanese and

Chinese Foreign Ministries and division director-level officials at the Japanese Foreign Ministry and Defense Agency, the Chinese Ministry of National Defense, and other relevant government ministries and agencies.

Bank To Extend $2 Billion Untied Loan To China

OW0901235295 Tokyo KYODO in English 2330 GMT 9 Jan 95

[FBIS Transcribed Text] Beijing, Jan. 10 KYODO—Japan and China agreed Monday [9 January] on an untied loan of 2 billion dollars by the Export-Import Bank of Japan to help China develop industrial infrastructure in line with its eighth five-year economic plan, Japanese Government sources said.

The agreement was made in a meeting between Japanese Finance Minister Masayoshi Takemura and China's Vice Premier Zhu Rongji in Beijing, according to the sources traveling with Takemura.

The loan is likely to be extended to China by the end of March at the earliest after conditions are worked out by the two governments, the sources said.

The government-funded bank has provided a total of 1.5 trillion yen in loans to China to explore China's natural resources.

The untied loan, the first of its kind extended by the bank, will be used in such fields as constructing and developing petrochemical and textile factories, the sources said.

In late December, Japan decided to extend a fresh package of yen loans to China totaling 580 billion yen for fiscal 1996-1998.

Takemura arrived in Beijing on Monday on the first leg of a seven-day, three-nation Asian tour, which will also take him to Singapore and Malaysia.

JDA To Form New Intelligence Gathering Group

OW1001074495 Tokyo KYODO in English 0726 GMT 10 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 10 KYODO—The Japan Defense Agency [JDA] plans to form a new organization devoted to information-gathering activities by uniting operations now undertaken separately by ground, maritime and air self-defense forces, a national daily said Tuesday [10 January].

The YOMIURI SHIMBUN said in its Tuesday evening edition that the agency aims to see the new organization take shape within the joint staff council that represents top defense force commanders in fiscal 1996 when a new defense program starts.

The new organization, called "intelligence headquarters," will be staffed with about 2,000 people with a view to gathering a variety of information so that the Self-Defense Forces (SDF) can take part in UN peacekeeping operations and refugee support activities appropriately, the mass-circulation daily said.

The newspaper said the move follows a drastic change in the information the agency needs in the post-Cold War era as the SDF is increasingly involved in UN peacekeeping operations abroad following Diet passage of related legislation in 1992.

The agency so far has monitored defense-related information focusing on the former Soviet Union, the Korean peninsula and China through different sections at the Bureau of Defense Policy, the Ground Self-Defense Force, the Maritime Self-Defense Force and the Air Self-Defense Force.

The new organization will expand the scope of information-gathering operations to include Europe and the Middle East and manage defense-related information, the daily said.

Diet Session Opening Officially Set for 20 Jan

OW1001030595 Tokyo KYODO in English 0228 GMT 10 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 10 KYODO—The cabinet of Prime Minister Tomiichi Murayama officially decided Tuesday [10 January] to convene an ordinary Diet session from Jan. 20 to June 18, government officials said Tuesday. The government plans that Murayama and three other ministers will deliver policy speeches on the opening day, they said. They added the regular 150-day Diet session will mainly discuss the 70,987.12 billion yen budget for fiscal 1995 starting April 1. Tuesday's decision endorsed an agreement on the starting date for the Diet session made late last month among the three ruling coalition parties.

Kono, Kaifu Interviewed on Future Policies

OW1001123095 Tokyo TOKYO SHIMBUN in Japanese 4 Jan 95 Morning Edition pp 2-3

[Interviews with Yohei Kono, president of the Liberal Democratic Party, and Toshiki Kaifu, president of the New Frontier Party, by political editor Masao Araya; place and date not given; first paragraph is TOKYO SHIMBUN's introduction]

[FBIS Translated Text] It is said that we are in a "unpredictable and uncertain age." In such an age, it seems that two different political trends are about to emerge. What are they, then? TOKYO SHIMBUN has interviewed Japanese and foreign opinion leaders and people from various walks of life. First, TOKYO SHIMBUN has interviewed Yohei Kono (who concurrently serves as deputy prime minister and foreign minister), president of the ruling Liberal Democratic Party [LDP], and Toshiki Kaifu, president of the main opposition New Frontier Party [NFP] which was just inaugurated late last year. What are "their policy differences" at a time when Japan is preparing itself for the 21st century?

Interview With Kono

[Araya] How do you think the framework of Japanese politics will change in the future following the revamping of the electoral system for the House of Representatives?

[Kono] It is certain that the changed electoral system will bring about great changes to Japanese politics and political parties. I believe that the changed electoral system will not immediately lead the established political parties to regroup themselves into two political parties. Even if a specific politician attempts to put politics under a bipolar party system in an artificial manner, he will find it difficult to do so because of the absence of clear-cut policy differences. There are no policy differences between our party and the NFP. It will take some time before the bipolar party system emerges in response to the people's political awareness.

[Araya] What are at the top of the foreign and domestic policy agenda?

[Kono] I believe that in foreign relations, it is very important for the government to think of what position Japan should take and what role it should play in the process of building a new post-Cold War international order. In the domestic policy, it is imperative for the government to build a framework for turning Japan into a society in which the people can live in peace in order to prepare for a society of senior citizens. It is also urgent for the government to build Japan into a "welfare society." It is important how the government will frame a new economic structure.

[Araya] This year, unified local elections and upper house elections will be held. What is the LDP going to pledge to voters during the elections?

[Kono] We are going to promise voters to build Japan into a peaceful society and promote reforms steadily. Politics, society, and economy will not remain stabilized in the next one or two years. They will continue to be in upheaval with no prospect of it coming to an end. I wonder whether the people felt at ease in the midst of the "past swirl of reforms." The government must create circumstances which make the people feel calm and think of how to respond to the changes ahead.

[Araya] Do you prefer "stability" over "reforms"?

[Kono] I am not against reforms. My view is that to carry out reforms, it is necessary to lay the foundation for keeping our society stable and create circumstances that make our future predictable.

[Araya] Prime Minister Murayama has stated that he would stake his cabinet's fate on the administrative reform. What is your comment?

[Kono] The three ruling parties are firmly resolved to promote the administrative reform. They intend to streamline or merge special public corporations.

[Araya] The NFP has criticized the government for taking a weak-kneed stance on Japan's bid for a permanent seat of the UN Security Council. What is your opinion?

[Kono] In my address to the United Nations, I unequivocally stated that "Japan is willing to assume a major role if many nations approve of it." I do not think that the government has taken a weak-kneed stand on Japan's bid.

[Araya] How do you assess the coalition government formed by the LDP, the Social Democratic Party of Japan, and Sakigake [Harbinger Party]?

[Kono] The LDP was somewhat complacent and easy-going when it was in power while shoring up its single-party government. Now, however the three ruling parties are discussing every fundamental policy issue, leaving no room for collusion. The three ruling parties are exercising self-restraint. They have dealt with policy issues in a clean fashion while putting finishing touches on the pension system reform and the tax system reform as well as the political reform. This is unprecedented.

[Araya] Has the LDP changed after losing power?

[Kono] Yes, it has changed. At the last meeting of the LDP executive last year, I said, "We should never forget the day the LDP lost power." Questioning itself why it was forced to turn over power will be a starting point for devising new policies. The LDP unconsciously saw things from a high plane when it was in power. Now, however, it has come to see things from a low plane.

[Araya] What are your requests to the NFP?

[Kono] Now that the electoral system has been reformed, the next is to reform the Diet. I want to make parliamentary debates fruitful by having lawmakers from both the ruling and opposition parties wage policy battles in front of the people.

Interview With Kaifu

[Araya] What do you think of the future realignment of political parties?

[Kaifu] The established political parties should regroup themselves into two parties. This will give voters a choice between them.

[Araya] Will the LDP and the NFP become the nucleus of the two political parties?

[Kaifu] The NFP intends to work to become one of the nucleus parties some time in the future. Various parties have formed the NFP after disbanding themselves with a resolve to make the NFP one of the nucleus parties. The LDP believes that there has been nothing wrong with its policies that have led Japan during the postwar years. To my regret, the LDP is now working together with a party which tried to rebuild our nation with wrong policies in order to shore up the present coalition government. I believe that If the LDP reforms itself, it would become a splendid party which can share the core power.

[Araya] What are priority tasks on which the NFP intends to work this year?

[Kaifu] Only changing the framework of the electoral system is far from completing political reforms. All political parties should hold serious debates to carry out real political reforms. The Diet should be reformed and the political parties should reform themselves. The decentralization of government should also be implemented. There are a lot of tasks which the NFP will have to deal with this year.

[Araya] The Murayama government has said the administrative reform will be the most important task it will have to accomplish this year. What is your comment?

[Kaifu] As a responsible opposition party, the NFP will have to carry out the administrative reform as a major task. A main ruling party and a main opposition party have emerged at long last. I believe that if the two parties strike a deal, then the administrative reform will be carried out.

[Araya] Do you mean that the NFP will carry out the administrative reform together with the Murayama government?

[Kaifu] If the Murayama government is serious about the administrative reform,, the NFP will fully cooperate with it. I, however, was disappointed at an interim report after reading it. The report favors keeping things as they are. Nothing can be done for the administrative reform with that report.

(Araya] What are the NFP's policy differences with the LDP?

[Kaifu] To cite an example, there is the external issue. Overcoming the Cold-War era thinking should be the basis of a new foreign policy. Instead of advocating peace with the "power for power policy" which ultimately resorts to military strength, the government should launch a diplomacy aimed at preventing conflicts and take measures to build the relations of trust with other nations. The government also should make honest efforts in the United Nations. There are the atmosphere and water pollution problems. The time is gone when Japan could only pursue the one-nation-pacifist policy. It should get involved in resolving those problems. Japan should more aggressively cooperate with the United Nations in resolving other global problems.

[Aray] The Murayama government is advocating the UN centralism. What is your opinion?

[Kaifu] The foreign minister of the Murayama government went to the United Nations to say in his address that "Japan is fully ready to play a role." After retuning home, he publicly said, "My statement did not mean Japan's declaration of its bid for a permanent member of the UN Security Council." I would like to ask the people to find the differences between his address given to the United Nations and his revisionist remark on his address at home.

[Araya] Does the NFP want to declare that Japan intends to join UN Security Council as a permanent member?

[Kaifu] Yes, it does. It should openly announce its intention to join the UN Security Council as a permanent member. If it is admitted to the UN Security Council, it should articulate its position on what it can and cannot do.

[Araya] What are the NFP's domestic policy differences with the government?

[Kaifu] The NFP intends to change daily livelihood of the people. It also intends to practice politics in order to make housewives responsible for kitchens feel actually affluent when they buy daily goods. In other words, the NFP intends to take measures to keep prices low.

[Araya] Do you have anything to say before closing this interview?

[Kaifu] It is education. I strongly hope to work on the education reform again. Late last year, the "bullying" incident occurred, triggering a big fuss in our society. The education is faced with a host of problems and the current education system should be revamped.

Hata Interviewed on Political Reform Issue

OW1001114695 Tokyo RONZA in Japanese 20 Dec 94 pp 33-38

[Interview with former Prime Minister Tsutomu Hata by Susumu Takahashi; place and date not given]

[FBIS Translated Text]**Political Reform**

[Takahashi] You have been involved in implementing political reform for about six years. And political turbulence has been going on for the last one and a half years since the birth of Morihiro Hosokawa's cabinet. Will you tell me once again what you initially intended to do for the cause of political reform, and how you feel about it now?

[Hata] I had a couple of motives. First, I felt something had to be done about the politics and problems of money, symbolized by what they call the recruit scandal. The other motive, which was more important than the first, was my thought that Japanese politics had to be reviewed as a whole and that future problems had to be discussed in depth.

Under the old multi-seat constituencies election system, political parties that aim to win the reins of power cannot carry out election campaigns while being faithful to their party policies. Election campaigns were carried out by the "candidates' own party," symbolized by their supporters' associations. Enormous amounts of money was needed to maintain "their own parties." I thought that to stop this once and for all, the system itself had to be altered and it would not do any good to amend the political fund control law. But when elections are conducted under a single-seat constituency system, each and every politician has to have his own idea about the issues that have been dealt with in an ambiguous manner. Under the old system, when I went to back other candidates, a memorandum used to reach me that read something like this: "The candidate has not touched on such issues as liberalization of controls over agricultural products and the consumption tax. So, please refrain from making comments on such issues." Such an evasive attitude toward the current important issues can no longer be tolerated.

[Takahashi] If political parties are given the first consideration, a "heiyo system" [proportional representation system combined with single-seat constituencies for lower house elections but with an emphasis on the proportional representation segment] can also be considered as good, not the recently decided "heiritsu system" [single-seat electoral district combined with proportional representation but with the emphasis on the single-seat electoral district].

[Hata] The proportional representation can play the role of indicating the way people think because the system can reflect the people's relatively minor voice. The combined proportional representation "heiyo system" tends to produce a number of political parties and an excessive number of legislative seats. Therefore, countries like Italy and Hungary, which have recently decided on a new election system, have adopted a single-seat constituency with proportional representation—a "heiritsu system," unlike the case of Germany's "heiyo system."

[Takahashi] How do you intend to make use of such proportional representation? As I understand it, many cases are found in Europe, where people who are devoted to working out policies are asked to run in the proportional representation elections to improve the political parties' legislation drafting ability.

[Hata] Precisely, in principle. The election committee chairman is now making a round of visits with dietmen to persuade those who can be leading personalities of the party and those who can be directed from the party central headquarters to run in proportional representation districts. But such people have a strong possibility of being elected any way; so some argue that they should be allowed to run in single-seat constituencies, for the sake of the party's victory. Then, people relatively weak in getting votes in constituencies have to be shifted to proportional representation and such a practice will be criticized as degenerating the proportional representation's reputation. However, the example of Prime Minister Helmut Kohl of Germany, whose party has constantly been losing in single-seat constituencies, may serve to enhance the understanding, as the people get used to the practice.

[Takahashi] There are worries that single-seat constituency elections may end up becoming a popularity contest among voters by placing priority on local benefits rather than national interests.

[Hata] I wonder what the dietmen who say such things have been doing for the past six years. State affairs deal with such major problems as national security, diplomacy, and taxation; naturally different from works and roles of prefectural and municipal legislatures. Making the difference distinct is also the work of political reforms. Local governments also have to undergo political reforms. It is said that bribery is rampant in municipal legislature elections. But I do not deny the way candidates make contacts with voters at the grassroots level.

[Takahashi] Since a series of coalition governments have come to govern Japan, some people have pointed out that the bureaucrat has gained power.

[Hata] The multi-seat constituency system gave birth to "zoku" dietmen [who champion special interests and yield power and influence over specific government ministries], and the bureaucrats supported them. A cabinet minister has no qualms about saying: "I am a new comer in this field, but I will study from the beginning and do my best." Hearing this, bureaucrats feel a sense of responsibility and work hard. I emphasize that dietmen have to be reliable and trustworthy. Not everybody can become a minister and ministers are specialists.

[Takahashi] Do you not think that not only cabinet ministers, but also functions of the prime minister's office are weak?

[Hata] Cabinet meetings are supposed to discuss national policies and make decisions on them. But in Japan's case, they are ridiculed as gatherings where ministers put their autographs on a series of bills and proposals. That can hardly be said of the present situation, as cabinet ministers are in command of the cabinet. The reason why everybody wants to become a cabinet minister lies in the present election system. Ministers' portfolios are demanded on the basis that other dietmen elected in the same year are made ministers or they are told to wait until their re-election in the ensuing elections. As the number of international meetings is on the rise, we have to have ministers who can reveal their own opinion rather than reading from papers prepared by the ministries.

Lower House Dissolution, General Election

[Takahashi] You have been insisting on the "House of Representatives' immediate dissolution," since right after the Murayama regime's formation.

[Hata] The coalition government of the Liberal Democratic Party [LDP] and the Social Democratic Party of Japan [SDPJ] is like a bad marriage. It is not a government chosen by election, and the coalition partners were cursing at each other before the election. [sentence as received] They criticized the Hosokawa regime as being "yago"—an unprincipled coupling, which had come into being as a result of a public pledge prior to the election promising that it would form a coalition with the SDPJ. Is it all right with them not to subject themselves to an election now that they hold the reins of power? It is a proper course for any constitutional government that an election be held as soon as possible, now that the election system has been changed.

[Takahashi] Some people have a simulated prediction that the LDP will win by a landslide in comparison with the slow progress on the part of new new parties in the forthcoming election under the single-seat constituency system.

[Hata] In an election, we have to be on the alert about victories and defeats, just as in battle. Also, political parties' interests should be at stake. We are not only talking about our own interests.

[Takahashi] The SDPJ's New Democratic League [NDL] is actively engaged in soliciting liberal forces. If a new liberal party is formed, is it possible for you to form a coalition with this new new party?

[Hata] It will be difficult to cooperate with them if they form another political party. I do not think the voters who cast ballots for a NDL candidate will vote for us in proportional representation districts.

Relations With Ichiro Ozawa

[Takahashi] During the process of forming the Murayama regime, the problem of "political tactics" was noted. It seems to me that this is related to the Ichiro Ozawa problems. What is your opinion on this?

[Hata] I think political tactics have something to do with an individual's character. It has to be pointed out that the Hosokawa regime came into being by smashing the LDP's wall of one party rule. A multitude of political parties had to deal with problems together, and they were faced with piles of difficult ones. Therefore, a powerful leadership was needed to clear them. If I had been in that position, I might have dealt with the problems highhandedly, to some extent.

At that time, I wanted to ask those people who were critical of political tactics: "Where is your command post?" A command post is important. It was unavoidable, to some extent, within the government that was established beyond the conventional framework. The words "forceful power politics" do not fit the situation, and if persons who were within the government at that time uttered the words "forceful power politics," they themselves would be questioned on why they could not rectify the situation. I am telling everybody that it is all right to discuss a matter thoroughly with such tension that a fist fight might ensue, because something new is being created for the betterment of the nation. I am suspicious of the mentality of those playing with words without having discussed the problem.

[Takahashi] On the same subject, the words "dual power" were also used.

[Hata] These words were used by the LDP, but the LDP itself was obsessed with "dual power." Take the relations between the cabinet and the party and between the prime minister and the party secretary general, for example. During the time of Prime Minister Eisaku Sato and LDP Secretary General Kakuei Tanaka, Tanaka would suggest certain policies and the cabinet would adopt them if public response was favorable. Looking back at LDP politics as a whole, it was justifiably "dual power," separated by the prime minister and the party secretary general.

When I was prime minister, I initiated several basic policies, but I was never instructed by the party. People enjoy using the words "dual power," but we had such relations that "you are entrusted with the prime minister's office" and "you take care of the party." It was reported that I had been "making daily telephone contacts with Ozawa," but actually, there were few contacts.

Political Confrontation Issues

[Takahashi] It is a difficult time to find issues of our confrontation. It is hard to find out the difference between basic ideals of the new new party and the NDL of liberal forces. On top of that, "deregulation" seems to have become the "just cause" in an exaggerated manner.

[Hata] Rather, I think it is more problematic that the voice of those opposed to deregulation is becoming louder. If you listened to them, new development would never take place and Japan would tumble down the downward curve.

[Takahashi] For example, a couple of years ago in Europe there arose a chorus calling for deregulation, like in Japan. After the deregulation was actually put into force, a phenomenon of unexpected growth in social inequality occurred. The atmosphere has now changed a little from the time when easing control was the only call of the times.

[Hata] We should learn some lessons from it. The point is, we should work out a system whereby discussion can be carried out for all the people to see. Trial and error is important. As in the election system's case, nobody knows what to expect. If it things do not work out as you expected, you had better change it courageously. In Japan, the trouble is that once it has been decided, you cannot change it. In the Constitution's case, it is a problem to even discuss it.

[Takahashi] At present, when the points of confronting issues have become blurred and hard to understand by the people, the opposition parties are being called upon to reveal what the next tasks to be dealt with will be, after the current pending issues of political, administrative, and financial reforms are settled. Have you ever considered such matters?

[Hata] An important problem is what kind of a nation we are going to build. In this connection, an important thing is the decentralization of government power, and the other is Japan's role in the international community.

[Takahashi] In that respect, some people are calling for making amendments to the Constitution, as 50 years have passed since its enactment.

[Hata] As to Article 9 of the Constitution, teachers at primary and middle schools are reported to be in agony over how to explain the Self-Defense Forces within the confinements of the Constitution. In addition to this problem, thorough discussions have to be conducted, and as a result, it may be concluded that constitutional amendments are necessary.

[Takahashi] In my opinion, Japanese diplomacy after the Cold War took the conditions surrounding Japan as being given ones too seriously. Thus Japan was unable to launch an active initiative in heading toward a new order. That typical example can be found in international contributions.

[Hata] Japanese people are fond of using the word "peace," but they have not made a single proposal about how to create it. Aside from discussing the positives or negatives about the use of force, it is only natural that police officers are necessary in maintaining peace and security in the international community. As for peace keeping operations [PKO], an argument surfaced in the United States saying: "Why should we shed blood for people in far off countries?" Who is going to shoulder that burden. In accordance with collective security, as defined in the UN Charter, a United Nations force, which we do not currently have, can be organized, with each member nation contributing to it. Or, there is the possibility of each nation taking steps to organize its own UN force and putting it on alert.

[Takahashi] That idea is rather close to what they call the "UN police force." On the other hand, people overseas believe that Japan will become a nuclear power sooner or later. Japan is not trusted at all, although it upholds the triple non-nuclear principle of not developing, possessing, or importing nuclear weapons. What can Japan do to make the world trust her?

[Hata] Let me answer that question in connection with Japan's intent to become one of the permanent member nations of the UN Security Council. I do not hold the idea of making Japan one of the big powers by becoming a Security Council member. I have doubts about the fact that world security is determined by those countries that are nuclear-armed and exporters of weapons. I do not think so. It is necessary for Japan to become a member and make exhaustive statements about the extinction of nuclear arms. Then, the UN functions will be elevated. As Japan sums up WWII in the cleanest manner and continues to carry out such PKO activities as assisting Cambodia in its recovery, the world will come to know Japan's true intent for peace.

[Takahashi] You mentioned summing up WWII. Japan cannot allow such matters as post-war compensation to Asians and whether the war was an aggressive war or not to pass ambiguously.

[Hata] I am proud of apologizing to Asian countries for the past war. It was true that the Asian countries had been subjected to battle fields and that Japan trampled on the Korean peninsula's culture and history. These problems must be discussed not only by Japan, but also internationally, and I think Asians should come to share a common historical recognition. For Japan, although it may produce pains, it will not help to avoid the issue. However, there are very difficult problems in connection with individual compensation.

[Takahashi] In conclusion, what does "peace" mean to you, Mr. Hata?

[Hata] It is the world and the society where people can live without anxiety. I received letters from primary school students in Miyagi Prefecture. On the occasion of the Hiroshima City sponsoring the Asian Games, they discussed the atomic bombs and decided to write me letters asking for the "abolishment of atomic bombs." I believe that the society in which these children have no worries is "peace."

Party Leaders on Current Political Situation

OW0901131395

[FBIS Editorial Report] Tokyo FNN Television Network in Japanese, at 2230 GMT on 7 January during its weekly "News 2001" program, carries separate live interviews with Toshiki Kaifu, president of the New Frontier Party (NFP); Yoshio Mori, secretary general of Liberal Democratic Party (LDP); Wataru Kubo, secretary general of the Social Democratic Party of Japan (SDPJ); and Masayoshi Takemura, finance minister and chairman of Sakigake (Harbinger). The interviews are conducted at the FNN studio in Tokyo by FNN announcers Yuji Kuroiwa and Megumi Seki; political commentator Kenichi Takemura and MAINICHI SHIMBUN Editor Takao Iwami participate in the interviews.

At 2238 GMT, Kuroiwa begins a 16-minute interview with Kaifu by asking him to explain his New Year's resolution. In response, Kaifu says: "We have to truly promote reform rather than simply talk about it in speeches or in flyers. The same thing can be said regarding every issue at home and abroad."

As for the lineup of the NFP's shadow cabinet, Kuroiwa asks Kaifu whether it reflects an aftereffect of the NFP presidential election held in December. Kaifu says that the members of the shadow cabinet were selected on the basis of what they had achieved in the past.

Kuroiwa returns to the issue of promoting political reform by asking Kaifu to explain how he will compete against the ruling coalition government. Kaifu says that he wants to promote administrative reform by all means and is ready to cooperate with the ruling parties for that purpose.

When asked what he thinks of the idea of turning the NFP into an urban party, Kaifu says that the NFP will represent the interests of all people, noting "Our party will be the one that is participated in by all Japanese people." He adds that his party is fundamentally different from the LDP, which formed an alliance with a party whose policies and ideologies are quite different.

When asked whether he can declare that his party will support the government's decision not to participate in UN peacekeeping forces, Kaifu says that he personally supported sending Japan's peacekeeping forces to the Golan Heights and that he had thorough discussions on this issue with leaders of the opposition parties prior to forming the NFP.

When Kuroiwa continues to ask whether the political world will be reorganized this year, Kaifu replies, "I think there is a possibility that it will happen this year."

At 2256 GMT, the interview with Mori begins. When asked how the LDP has changed after the collapse of the 1955 regime of Japanese politics, Mori explains: "I do not think that the 1955 regime collapsed. The world was divided in two, and there was an international confrontation between the East and the West at that time. Following the collapse of this confrontation, the LDP and the SDPJ merged into one." He continues to explain that with this change as a backdrop, after the SDPJ carried out a major policy change, its policies became close to those of the LDP. He adds that because the LDP factions have been dissolved, the party itself will change.

In discussing the Japanese Constitution, Mori says, "The LDP decided to have wide-ranging discussions on creating a new constitution that suits the new era."

After being asked whether the LDP-SDPJ coalition will last for a long time as one major force, Mori says, "I can accept the idea of forming one party by merging the LDP and the SDPJ if the two parties can talk with each other [on this issue]."

At 2313 GMT, a 14-minute interview with Kubo begins. When Kuroiwa asks whether a split of the New Democratic League (NDL) from the SDPJ is inevitable, Kubo answers: "I do not think this is a split. I think that the party members are undergoing suffering to figure out what the SDPJ has to do in this era of changes to respond to the expectations of the people."

After being asked whether he will resign from the post of SDPJ secretary general if the NDL secedes from the party, Kubo replies, "I think it is a matter of course for me to resign from the post [should the NDL split from the SDPJ]." When asked whether he will join the NDL movement, Kubo answers that timing is important to form a new party that can become a core of the third major party. He says, "I think this issue should not be settled only to serve as an end to a fight between two groups within the small framework called the SDPJ."

At 2328 GMT, a 17-minute interview with Takemura begins. When asked how he, as a leader of Sakigake, assesses the Murayama administration's posture of tackling administrative reform, Takemura says that the government has to seriously buckle down to the task of administrative reform this year. He explains the difficulty of promoting administrative reform by saying: "I am not confident that this cabinet will achieve administrative reform. However, we have to do it, and Mr. Murayama and the members of his cabinet are making desperate efforts to realize it."

As for the NDL's movement to secede from the SDPJ, Takemura says he cannot understand why the members of the NDL are trying to form a third major political force, despite the fact that they say they support the Murayama administration, which is at the critical stage of administrative reform. He adds, "Generally speaking, Sakigake has no intention of remaining in the LDP-SDPJ-Sakigake coalition if it cannot promote administrative reform." He says he will decide by 10 February—the day that the government will announce measures to streamline quasi-government corporations—whether or not his party will remain in the coalition. He adds, however, that the prime minister will not dissolve the Diet and hold a general election this year.

The program ends at 2345 GMT.

SDPJ's Kubo To Table Party-Salvaging Plan

OW1001094895 Tokyo KYODO in English 0923 GMT 10 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 10 KYODO—Social Democratic Party [of Japan] (SDP) [SDPJ] Secretary General Wataru Kubo said Tuesday [10 January] that he will propose at a Thursday meeting of party executives a rescue plan for the party, which is on the verge of falling apart.

In an emergency meeting of the SDPJ's central executive committee, Kubo said, "I would like to present the best proposal I can come up with" to the committee meeting Thursday.

The party is on the brink of a major split as a group of party legislators led by former party leader Sadao Yamahana is moving toward leaving the SDPJ to form their own new party.

Prime minister and SDPJ Chairman Tomiichi Murayama, who is away from Japan to visit the United States, and his followers are cautious about an early launching of the new party, and the rift between Murayama and Yamahana has widened to the point that it is now apparently unbridgeable.

In last-ditch efforts to prevent the split, the SDPJ's central executive committee decided at the Tuesday meeting to emphasize the proposal by SDPJ members of the House of Councillors that preparations for the new party should be completed before the upper house election in July, party officials said.

The SDPJ executives also confirmed that the new party should comprise all SDPJ members, including Yamahana's followers, who have created an intraparty group named the New Democratic League, the officials said.

Deindustrialization Seen Promoting Interdependence

952A0218A Tokyo ASAHI SHIMBUN in Japanese 27 Nov 94 p 5

[Editorial: "Deindustrialization in Japan Promotes Coexistence"]

[FBIS Translated Text] Recently there have been golf pants affixed with the label Made in China.

At a workshop in the Guangdong Province of China, the figures of women operating Japanese machines come before the eye. However, the raw material is not made in China. The outer fabric is made in Thailand, the padding is Japanese-made, the pockets are made in Indonesia, the buttons are Cambodian-made and the labels are Hong Kong-made. It would be appropriate to say that it is "all Asian-made."

Twenty years ago, all clothing sold in Japan was made domestically. Now, half of that is Asian-made. There are a lot of garments of Asian manufacture with Japanese and U.S. and European brands, and Asian brands also are beginning to come on shore. Textiles, which previously were the breadwinner of the Japanese trade surplus, have become an excess import of $10 billion annually.

The rise and fall of industry resembles the life of man. Once the growth period is past, inevitably the time comes when undesired aspects can be seen in physical strength. With the advance of the international division of labor, home appliances, autos, and steel, which now are sweeping the domestic market, also undoubtedly eventually will concede the domestic market as textiles did.

Manufacturing Industry Slips Away From Japan

There is an economic technology and development zone in Dalian in the northeastern part of China that previously was a leased territory of Japan. About 30 kilometers northeast of the famous old section of the city in a row of acacia trees is the site of a gun battery which became a fierce battlefield in the Sino-Japanese War 100 years ago. Two hundred and forty-five companies have come in from Japan and there also is the Sino-Japanese joint-venture, Dalian Industrial Park, with funding from the Japanese Government. Here now, surmounting a long unfortunate history, a new spot for Sino-Japanese cooperation is attempting to take root.

At the plant of Mabuchi Motor (headquarters Matsudo city, Chiba Prefecture), which led the way for the Japanese and came to the development zone seven years ago, young women wearing light blue work uniforms stand in lines as far as the eye can see and silently assemble camera and other drive motors. Almost all of the 7,600 employees are women about 20 years of age.

President Shoji Nishimura says, "Because they are young and excellent, the defective goods rate is lower than in Japan." The monthly wage of the average female plant worker is 450 yuan (about 5,400 yen) and even this is about 20 percent higher than the local state-run company average and there are more than two job applicants for each job opening.

There is not just an assembly plant; expansion by so-called skirt industries such as parts, metal molds, and coating also has flourished.

Punch Kogyo (headquarters Tokyo) built a plant four years ago and is making various metal mold parts. It is a type of job that began to be shunned in Japan as "dangerous, difficult, and dirty," but here in Dalian, this year they have hired 13 university graduates and two with graduate school masters degrees.

The creation of metal molds and precision parts, which require long experience, were the secret that supported the strength of the Japanese manufacturing industry. Even that basic technology has begun an exodus overseas.

Swelling Irregular Triangle

Asian expansion by the Japanese manufacturing industry became full-scale after the 1985 Plaza Accord with the sudden advance of the high yen. This became a trigger, and first, the newly industrializing economies (NIE's), followed by Southeast Asian nations and China rapidly grew. Local firms also were cultivated. It has not been just light industry such as textiles, bicycles, and toys. There also is a lot of machinery industry such as the auto industry of South Korea and electronics industry of Taiwan which have the power to export to advanced nations.

"Now is the very time for Japan to open markets in Asian products. Previously, the United States absorbed Japanese products and supported the development of Japan. This time, the world will not develop unless Japan, which has become an advanced country, plays that role."

Thus asserts Takeshi Iijima, vice president of the Sakura Research Institute, who is well-versed in the Asian economy. He is concerned about the irregular triangular relationship of the trade imbalance between Japan, the United States, and Asia, which has surfaced along with the rapid growth of Asia.

Although NIE's, Southeast Asian countries, and China are increasing exports to Japan, their import of parts and machine tools also is increasing rapidly and they have an annual deficit with Japan that exceeds $50 billion annually. On the other hand, they have earned a surplus of slightly more than $60 billion with the United States and are driving the United States, which embraces a deficit with Japan exceeding $50 billion, into a dilemma.

The best way to eliminate the distortion is the expansion of imports by Japan. In basic raw materials such as steel where local Asian firms have gained strength, those with low productivity will switch to imports. It is necessary to have high-quality machines made by Japanese firms that have expanded over there and to increase reverse imports more.

Moreover, if local production of parts increases, Japanese exports will decrease and trade will be heading toward a balance. Japan must not begrudge cooperation in the cultivation of Asia's skirt industries.

However, this action inevitably will be linked to the "deindustrialization" of Japanese industry. The Asia threat theory already has begun to be told that "things created by Japan will be stolen by Asia and unemployment will increase."

If "deindustrialization" is viewed from a different angle, however, "interdependence" will deepen. It is the path of Japan existing together with Asia even though accompanied by hardship. Look at the example of Germany.

The percentage occupied by imports in domestic consumption in Germany is close to 20 percent. It is a little over three times that of Japan. Germany, which has caused world wars twice, has soothed the wariness against its own nation by depending on those around them. The existence of this interdependent relationship made the European Union possible for the first time, and the fear of West European nations that they will fight each other has disappeared.

Germany, which is surrounded by advanced industrial nations, and Japan cannot be compared simply. However, Asia will build an indispensable relationship with Japan so that Japan, which has embroiled Asia in the flames of war, will be greeted with relief as one of its members.

Furthermore, an increase in imports from Asia will lower prices and be a plus for consumers. Even if deindustrialization occurs in individual industries, it is a way of avoiding deindustrialization for the nation as a whole.

Industries such as textiles, bicycles, and hardware in which Asia has been closing the gap have been forced into hard measures such as personnel adjustments and business closures. At these times, however, deindustrialization has not been a problem. That is because the production of autos and home appliance products is increasing and prosperity has been maintainable in the nation as a whole.

It will be important in the future to open up fields such as information and communications, welfare-related, and environmental protection. Japan today is rather depressed after the long recession, but I believe that it has the power to conquer the ordeal.

Common Fate of Asia

Even though "interdependence" and "coexistence" with Asia are said in one breath, realization is not easy.

Roughly 3 billion people live in Asia. Can they catch up in the supply of energy and food when people are so abundant? What will be the future of the environmental destruction that is proceeding in many areas?

Unless these hurdles are crossed, we must be prepared for stagnant growth in Asia, including Japan. Japan, which has the greatest benefit in the economic development of Asia, probably has the duty to take the initiative in groping for a solution policy.

We must not forget the reality of being incorporated in a common fate with the other countries of Asia.

North Korea

Senator Dole's Remarks on Agreement Criticized

SK1001102495 Pyongyang KCNA in English 1010 GMT 10 Jan 95

["Wrong Way of Thinking of Political Ignoramus"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 10 (KCNA)—Bob Dole, the Senate majority leader from the Republican Party of the United States, contended that the implementation of the agreed framework between the DPRK and the United States must be stopped because the recent American helicopter case "showed that North Korea could not be fully trusted", the U.S. INTERNATIONAL HERALD TRIBUNE said some time ago.

These utterances of Bob Dole, the boss of the U.S. conservative hardliners who has not abandoned the bad habit of provoking the DPRK, choosing hostile moves against it as the mode of his political activities, were a very aggressive balderdash seriously getting on the nerves of the DPRK.

We are surprised at and can never tolerate the venomous remarks of Dole who unhesitatingly uttered insulting words against the DPRK in an attempt to block the implementation of its agreed framework with the United States over the incident of a downed American helicopter, like the guilty party filing the suit first.

Judging from Dole's remarks, he is obviously a deplorable political ignoramus who has no proper knowledge of the well-known background of the publication of the DPRK-U.S. agreed framework and the incident of the downed American helicopter.

As unanimously recognized by unbiased public opinion, the agreed framework between the DPRK and the United States is a milestone in the solution to the nuclear issue on the Korean peninsula and the improvement of bilateral relations and a weighty document which was guaranteed by the heads of state of the two nations. It is undeniable that this flawless agreement is displaying its vitality in the practical stage of implementation.

Dole, however, characterized the agreement as "lousy". This makes us doubt whether he has normal thinking faculty about things.

His wrong way of thinking found vivid expression in his assessment of the American helicopter incident. It is an incident in which an American reconnaissance helicopter was brought down in the self-defensive measure of the DPRK after intruding deep into its airspace and the DPRK returned the body of pilot David Michael Hilemon and then sent back his co-pilot Bobby Hall when the U.S. side apologized and requested their return. This clearly proves the leniency and humanitarianism of the DPRK.

The assailant must be grateful to the victim for the latter's lenient release of the intruder without punishment. Far from expressing thanks, however, Dole cried the DPRK could not be trusted, groundlessly finding faults with it over the helicopter incident. This revealed the utter moral inferiority of the man bereft of reason.

It is as clear as noonday that Dole sought a dastardly partisan ambition to mar the international image of the DPRK and challenge the administration by stigmatizing the agreed framework at Congress.

This tells us that public opinion is not unfounded when it labels Dole as a political careerist like a hunting dog which unhesitatingly bites at anyone's ankle for his partisan interests.

Dole's behaviour awakened our people to the existence of such a lamentable politician in the United States and made them think of the consequences of the foreign policy advocated by such a man.

It is, indeed, a disgrace to the U.S. political circles that there is such a politician as Dole there.

Not without reason did the U.S. NEW YORK TIMES on January 4 criticize the behaviour of Bob Dole as foolish.

Dole had better pay attention to public criticism and derision and act with discretion and stop the mean acts of speaking ill of others.

U.S. Scholar's Assessment of Agreement Denounced

SK1001110695 Pyongyang KCNA in English 1017 GMT 10 Jan 95

["Taylor's Mean Behaviour"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 10 (KCNA)—William Taylor, vice-director of the U.S. Centre for Strategic and International Studies, in a recent CNN TV appearance, let loose an ugly torrent of trash, crying that the U.S. Administration should take a "decisive measure" against the DPRK and delay the offer of alternative energy over the U.S.-military helicopter case, according to a report.

As everyone knows, some hard-line conservative forces in the U.S. Congress these days continue mud-slinging at the DPRK-U.S. agreed framework, opposing its implementation, over the case of the U.S. military helicopter which was downed after intruding deeply into the airspace of the DPRK. The gravity of the remark of Taylor lies in that he sang duet with them.

Taylor's are mean utterances intended to block the implementation of the agreed framework between the DPRK and the United States at any cost and they put us on the alert. His sinister act only revealed the wretched sight of him without his own clear opinion or reasonable judgement as a scholar.

Taylor who styles himself an expert of the Korean affairs in the U.S. academic circles saw at first hand the reality of the peaceloving DPRK, visiting it four times in the period from 1991 to 1994. During these trips to the DPRK, he expressed understanding of the steadfast will and stand of the DPRK to fundamentally solve the nuclear issue on the Korean peninsula.

But he made a volte-face and cried for a "decisive measure." This tells that he is a blockhead with no faith and view as a scholar.

In the past Taylor sought personal gain with hypocritical words and now he is trying to receive rewards by acting the mouthpiece of dishonest forces bent on obstructing the improvement of the DPRK-U.S. relations by putting a brake on the DPRK-U.S. agreed framework. Such act of him as a human derelict cannot but be a target of criticism of unbiased public opinion. [sentence as received]

Still more disgusting is the fact that he is resorting to such base act as provoking the North, bribed by the South Korean puppets. Piteous is the lot of Taylor who has been reduced to a trumpeter of the South Korean puppets, selling off his faith and principle for a few penny of dollars.

Taylor must clearly see to what extent he has gone, regain reason and act with his own view before it is too late and refrain from doing harm to others.

Paper Criticizes ROK's 'Globalization' Plans

SK1001042495 Pyongyang KCNA in English 0416 GMT 10 Jan 95

["'Globalization' Is Motto of Flunkeyism and Treachery"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 10 (KCNA)—"Globalization" advertised by the Kim Yong-sam group is, in every respect, a motto of treachery which is aimed at fully reducing South Korea to a colony of outside forces and a market of international capital, ridding the people of the consciousness of national independence and making them cripples depending on outside forces, says NODONG SINMUN in an article today.

Though the traitor Kim Yong-sam is now vociferating about "globalization," it will make the dependence of South Korea on outside forces all the more serious than "internationalization" which resulted in making a mess of economy and culture through a total opening of South Korean market, the article says, and continues:

The unlimited infiltration of outside forces into South Korea engenders more serious domination and dependence. So, it is inevitable that the foreign monopoly capital which will swarm into South Korea through "globalization" will hold sway over South Korea.

The traitor Kim has claimed that "globalization" involves also non-economic fields such as politics, culture and art. This means that he would make the people obedient to and dependent on outside forces without feeling any national dignity and pride, by expanding the wave of "globalization" into the ideological, mental and cultural spheres.

The people will never tolerate the criminal moves of the Kim Yong-sam group to prolong his power without mishap in return of leaving South Korea to the mercy of outside forces lock, stock and barrel.

Foreigners Urge Demolition of 'Concrete Wall'

SK1001111495 Pyongyang KCNA in English 1024 GMT 10 Jan 95

[FBIS Transcribed Text] Pyongyang, January 10 (KCNA)—Foreign politicians and organisations are calling for the demolition of the concrete wall built in the area south of the Military Demarcation Line, saying that the wall is a chief obstacle to Korea's reunification.

Angel Castro Lavarello, president of the National Executive Committee of the Left Revolutionary Union of Peru, chairman of the National Liberation Front of Peru and chairman of the Peru-Korea Institute of Culture and Friendship, said the concrete wall extending more than 240 kilometres is a symbol of the national division and inter-Korean confrontation, adding:

If the present South Korean authorities truly want the reunification of the country, they must, first of all, show their fidelity in getting the obstacles out of the road to reunification by pulling down the concrete wall and scrapping the "National Security Law."

All the parliaments, political parties, organisations and politicians of all countries around the world should lift up their voices of solidarity calling for the removal of the concrete wall and the "National Security Law" in hearty response to the appeal of the Standing Committee of the Supreme People's Assembly of the Democratic People's Republic of Korea.

J. Macheka, a parliamentarian of Zimbabwe, in a press statement urged the South Korean authorities to pull down the wall of division and take the road of dialogue and reunification in step with the flow of the time, stating:

"The great leader of the Korean people President Kim Il-song long ago put forward a proposal for the removal of the wall of division built by the South Korean authorities and for free travel and full-dress opening between the North and South of Korea. This is the most reasonable proposal designed to clear the Korean peninsula of confrontation and the danger of war and promote the reunification of the country.

"I strongly urge the South Korean authorities to immediately pull down the concrete wall and accede to dialogue for reunification bona fide."

The all-India Democratic Women's Association, the All-India Banking Trade Association, the Indian Association of Lawyers and 40 other organisations of India in a joint statement called for an immediate demolition of the concrete wall, saying that it is an untold disgrace for the Korean nation.

The Luxembourg-Korea Friendship Association in a statement called upon the South Korean authorities to do away with all the physical, political and institutional barriers to the reunification of Korea.

Kim Yong-sam Group's 'Nation-Selling Acts' Noted

SK1001090795 Pyongyang Korean Central Broadcasting Network in Korean 0630 GMT 5 Jan 95

[Unattributed talk: "Heinous National Traitor That Should Be Eliminated From Inside Nation"]

[FBIS Translated Text] Currently in South Korea, voices of the people condemning and denouncing the puppet traitor Kim Yong-sam are being increasingly raised. People from all walks of life, including youth and students, think that putting traitor Kim Yong-sam in the place of political power, as well as inside the nation, is the greatest disgrace and are raising high slogans encouraging his overthrow.

Traitor Kim Yong-sam is being abandoned by the people and is the subject of consistent denunciation and rejection and a target of resistance. This is because he has done nothing but commit nation-selling acts since he took power.

One of the main antinational crimes is that from the time traitor Kim Yong-sam took power under the pretext of civilian-rule until today, he has run amok frantically to harm his fellow countrymen by actively following outside forces' nuclear commotion. In reality, our nuclear issue was a production to crush [apsal] antisocialist and anti-Republic maneuvers by the imperialist reactionaries. This was a fabrication. Nevertheless, puppet traitor Kim Yong-sam stood in the forefront of such criminal nuclear commotions of outside forces and acted recklessly.

During the whole process of the DPRK-U.S. talks, puppet traitor Kim Yong-sam and his major stooges brought about barriers in the progress of the talks and carried out all kinds of raving acts to delay and destroy the talks. They were also hell bent on crushing [apsal] their fellow countrymen by borrowing the strength of outside forces. The rascals made a big fuss of requesting that the United States not make any compromises to outside forces, delayed the speed of the talks, and begged for a so-called international cooperative system, pressure, and sanctions. They also talked about a threat from someone and the possibility of provocation, putting forth military countermeasures and rumors of a war, thus driving the situation to a dangerous phase on the brink of war.

For the delay and destruction of the DPRK-U.S. talks, puppet traitor Kim Yong-sam did not even hesitate to spread a lie that North Korea possesses five nuclear bombs. Puppet traitor Kim Yong-sam and his major stooges kept in tune with the nuclear commotion of outside forces and ran toward the road of military adventure opposing their fellow countrymen. This is a very antinational act.

The rascals extensively dragged in new weapons and military equipment including Patriot missiles and the Apache helicopters for offensive use, which are large-scale murderous weapons, from foreign countries. They also frequently carried out large-scale war exercises aimed at invading the North along with outside forces, thus, endlessly aggravating North-South confrontation and a tense situation.

Military provocative acts along the Military Demarcation Line are being committed every day. As such, the criminal act by puppet traitor Kim Yong-sam, who was running amok to harm his fellow countrymen by currying favor with outside forces, cannot by any means be an act being carried out by a person of the same bloodline.

Puppet traitor Kim Yong-sam's act committed during the misfortune of his fellow countrymen was a heinous criminal act which enraged all the people of the world as well as the whole nation. When the misfortune occurred to his fellow countrymen, the wind of an emergency alert blew first; all the puppet armed forces were advanced into a very alert posture; and moves for mourning by the South Korean people from all walks of life were ruthlessly oppressed.

Acts like pointing a gun to, and stabbing a knife in, the grieving hearts of the fellow countrymen who are overwhelmed by deep sorrow at having lost the great father of the nation, were heinous and a wicked criminal acts running counter to common sense when viewed from the perspective of human duties and the national standpoint. How could this kind of fellow hold up his head in the nation?

Puppet traitor Kim Yong-sam wielded the notorious National Security Law, which regards his fellow countrymen as enemies, and is brutally oppressing the South Korean patriotic people aiming at independence, democracy, and reunification, by saying that they are serving the interest of the enemy and are spies. Also babbling that reunification under the so-called liberal democratic system is our unchanging dream and goal is an act that can be carried out only by heinous nation-sellers who have turned their backs on the nation.

Originally, from early on, the rascal traitor Kim Yong-sam—a nation-seller who does not have even a bit of national dignity and conscience—served outside forces as if they were his grandfather and as payment will live a dirty, doomed life for the rest of his days.

Traitor Kim Yong-sam is playing into other people's hands without any philosophy, political faith, and principle, and is carrying out treacherous acts. His system cannot be changed at all.

It is by no means a coincidence for the South Korean people to express concern and have doubts on what kind of misfortune they might meet if puppet traitor Kim Yong-sam, and his treacherous group, remain in the position of political power. Traitor Kim Yong-sam, who is faced with a crisis due to repeated failures in policy, may now all the more cling to reckless acts to find a way out.

Puppet traitor Kim Yong-sam is the root of evil of all social misfortune, pains, and calamity in South Korea and is a nation-seller who should be condemned and who has been abandoned by the people. There is no place for him inside the nation. The South Korean people must eliminate puppet traitor Kim Yong-sam, who is being denounced as the filth of the nation, from the place of political power through resolute anti-Kim Yong-sam and antigovernment struggle and throw him into the gutter of history without fail.

Commentary Denounces Japan's Militarist Ideology

SK1001120095 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 9 Jan 95

[Commentary by Kim Ho-sam: "Dangerous Maneuverings To Instill Militarist Ideology"]

[FBIS Translated Text] According to Japan's ASAHI SHIMBUN, resolutions commemorating the memory of and expressing thanks to the war dead who were killed while running amok in overseas invasion during World War II have been adopted at the parliaments of a total of 12 prefectures throughout Japan. This shows that the

Japanese reactionaries have been further intensifying their offensive on their militarist ideology in recent days, while giving priority to securing ideological footholds for militarization and overseas invasion. This move is another very dangerous war-related conception of the Japanese authorities.

As everybody knows, at the moment, Japan's preparations to wage a war overseas are being accelerated to almost a final stage. Through its plans to augment its Armed Forces on several occasions, Japan is endlessly strengthening the Self-Defense Forces. As a result, today, the weapons and equipment of the Self-Defense Forces have reached a world-class level.

At present, the ground Self-Defense Forces has evolved as an offensive armed force possessing several hundreds of thousands of troops equipped with modern tanks, armored personnel carriers, and missiles; the air Self-Defense Forces has evolved as the largest air force in the Far East equipped with an ultramodern antiair system; and the sea Self-Defense Forces has become one of the world's six biggest navies.

Also attaching importance to stockpiling strategic goods, Japan has already stored much (?fuel). In the meantime, while legislating the law on cooperation in UN peacekeeping activities, Japan has legalized its dispatch of Self-Defense Forces to foreign countries. Therefore, behind the so-called peacekeeping facade, Japan has been able to dispatch its Self-Defense Forces to any place in the world.

What remains now is for Japan to completely revise its Constitution, which bans the right of belligerence; to further imbue the Japanese people with the idea of militarism; and, thus, to create a pan-society atmosphere favorable for waging a war of overseas invasion.

Just because of this, the Japanese reactionaries are embellishing and beautifying—to the Japanese people—the Japanese imperialists' war of invasion waged during World War II and are intensifying the propaganda work aimed at justifying such activity.

This is well corroborated by the fact that in recent days the Japanese reactionaries have not given up their militaristic way of thinking, but are vociferously affirming the Pacific War.

While affirming the Pacific War, they are even claiming that the war committed by them was a war (?of liberation) in essence and that it was a so-called war for coexistence and coprosperity.

Furthermore, the Japanese reactionaries have inaugurated the so- called Japanese Association of the War Bereaved, with a membership of 1.2 million surviving family members of the war criminals, and they have prepared and distributed a document affirming the Pacific War. They are even staging the farce of collecting signatures to support this.

This shows how ardently the Japanese reactionaries are today running amuck to achieve militarization with a view to realizing their ambition for overseas expansion in earnest.

Furthermore, what we cannot overlook in this regard is that the Japanese authorities have had their present cabinet members spin out gibberish of affirming the Pacific War; and, as mentioned above, they have gone so far as to mobilize even the parliaments of Japanese prefectures to embellish and beautify the aggressive World War II.

According to a report by ASAHI SHIMBUN, on the 50th anniversary of the end of war, the resolutions—commemorating the memory of and expressing thanks to those fallen in the war of invasion during World War II—have already been passed at a total of 12 prefectures, including Chiba, Toyama, (Chibu), and Shimane Prefectures.

Such funny farces organized at the parliaments of Japanese prefectures are aimed at creating the climate and atmosphere to thoroughly imbue the Japanese people with the (?poison) of the militaristic ideology and to easily mobilize youths and adults along the road to overseas invasion.

Then, for what purpose is Japan running amuck to instigate the militaristic ideology by even mobilizing the local parliaments? This is related to the fact that in recent days Japan's image has been tarnished because it has been further isolated and rejected by the Asian people. As is well known, in recent days, in the Asian and Pacific region, voices—which are shouting that the Japanese people's conscience has not been purified in connection with the Japanese authorities' insidious position and attitude toward the question of liquidating the past—are rising; and the mistrust of and the sense of vigilance against Japan are further increasing.

This is well shown by the fact that at last year's UN General Assembly countries in the Asian and Pacific region took a cool attitude toward the question of Japan's obtaining the seat of a permanent member of the UN Security Council.

Feeling uneasy about this, the Japanese reactionaries are trying to remove the deep-rooted mistrust in the Asian people against Japan and to improve their image by all means [ottokehana].

Therefore, Japan has even mobilized prefectural parliaments to adopt resolutions with a view to commemorating the so-called memory of and expressing thanks to the war dead. By staging such a farce, Japan is spreading the (?poison) of the militaristic ideology throughout the society.

All of this shows that Japan's aggressive nature will never change and its maneuverings are becoming more cunning and heinous with each passing day. This notwithstanding, this will only reveal further Japan's brazenness and militaristic nature. The Japanese reactionaries should act with discretion, keeping in their mind that their act of imbuing their people with the idea of overseas invasion is directly linked with the self-ruin of Japan.

Foreign State, Party Leaders on Korean Cause

SK1001044495 Pyongyang KCNA in English 0408 GMT 10 Jan 95

[FBIS Transcribed Text] Pyongyang, January 9 (KCNA)—Foreign heads of state and party leaders expressed full support to the Korean people in socialist construction and their just cause of the independent and peaceful reunification of the country when they met the Korean ambassadors to their countries.

Zimbabwean President Robert G. Mugabe expressed the belief that the Korean people would successfully fulfil the behests of the great leader Comrade Kim Il-song, rallied closely around the great leader Comrade Kim Chong-il in the new year.

Indian President Shankar Dayal Sharma and Burundian President Sylvestre Ntibantunganya hoped that the Korean people would make bigger achievements in all domains in the new year under the wise guidance of the great leader Comrade Kim Chong-il.

Budragchagiyn Dashyondon, general secretary of the Central Committee of the Mongolian People's Revolutionary Party, wished the Korean people fresh success in their efforts for the peaceful reunification of the country and its prosperity and development in the new year under the leadership of respected Comrade Kim Chong-il.

Eleazar Gutara Marabi, chairman of the Nationalist Working Movement of Peru [name as received], said he is much pleased with the fact that Korea's cause of socialism is being creditably carried forward by the great leader Comrade Kim Chong-il, adding that socialism of Korea is a source of encouragement to the world revolutionary people.

He wished the Korean people a decisive victory in socialist construction and the cause of national reunification in the new year.

Envoys Visit Mauritanian, Nicaraguan Leaders

OW0501071195 Pyongyang KCNA in English 0400 GMT 5 Jan 95

[FBIS Transcribed Text] Pyongyang, January 4 (KCNA)—Mauritanian President Cassam Uteem, national chairman of the Institutional Liberal Party of Nicaragua Arnold Aleman and General Secretary of the Independent Liberal Party of Nicaragua Virgilio Godoy expressed full support for the struggle of the Korean people for national reunification when they recently received Korean ambassadors to their countries.

The Mauritian president said his excellency the great Kim Chong- il is a wise leader. "As he has carried forward the cause of his excellency President Kim Il-song, the Korean people are happy and they will continue making great achievements in the development of the country," he stressed. "I support the agreed framework between the Democratic People's Republic of Korea and the United States and hope for an early reunification of Korea," he declared.

Arnold Aleman voiced support for the appeal of the Standing Committee of the DPRK Supreme People's Assembly calling for the demolition of the concrete wall built by the former military dictators of South Korea and the abolition of "The National Security Law".

Virgilio Godoy hoped that Korea would register great achievements in the accomplishment of the cause of national reunification in the new year under the outstanding guidance of the Great Leader Comrade Kim Chong-il.

Japanese Journal Publishes Work of Kim Il-song

SK1001111195 Pyongyang KCNA in English 1026 GMT 10 Jan 95

[FBIS Transcribed Text] Pyongyang, January 10 (KCNA)—"Study of Kimilsongism" No. 71, a journal published recently in Japan, carried photos showing the revolutionary activities of the great leader President Kim Il-song and the full texts of his famous work "Answers to Questions Raised by the News Coverage Group of U.S. CNN" and the great leader Comrade Kim Chong-il's famous work "You Must Be Responsible for People's Livelihood With Motherly Affection."

The journal edited articles headlined "Convey the Great Politician of Asia from Generation to Generation," "New Advance With His Excellency Kim Chong-il" and so on.

Under the title "On 'Abuses of Socialism are Intolerable'" it carried an article explaining the famous work of Comrade Kim Chong- il. Treatises and notes were also seen there.

Kim Il-song's 'Reminiscences' Published Abroad

SK0801084295 Pyongyang KCNA in English 0810 GMT 8 Jan 95

[FBIS Transcribed Text] Pyongyang, January 8 (KCNA)—The second volume of anti-Japanese revolution, the first part of "With the Century", reminiscences of the great leader President Kim Il- song, was brought out by the Haimanti Publishing House of Bangladesh.

Zimbabwean Figures Visit Kim Il-song Portrait

SK0801084095 Pyongyang KCNA in English 0809 GMT 8 Jan 95

[FBIS Transcribed Text] Pyongyang, January 8 (KCNA)—Zimbabwean political and public figures including Joseph Matseka, [name as received] parliamentarian, laid a floral basket before the full-length portrait of the great leader President Kim Il-song at the Korean Embassy in Zimbabwe on the New Year's day and made a bow with reverence for him.

Joseph Matseka said the respected leader Comrade Kim Il-song was a great man who descended from heaven and a great sun and great leader of the era of independence who devoted his whole life to the human cause of independence.

"The great leader Comrade Kim Il-song will be immortal with humankind and his image will remain long in the hearts of all the people", he stressed.

He wholeheartedly wished the Korean people greater achievements in socialist construction and in the accomplishment of the cause of national reunification under the guidance of the great leader Comrade Kim Chong-il.

Poems Express Reverence for Kim Il-song

SK1001111295 Pyongyang KCNA in English 1038 GMT 10 Jan 95

[FBIS Transcribed Text] Pyongyang, January 10 (KCNA)—Korean poets have written many poems expressing reverence for the great leader President Kim Il-song.

They have written over 300 memorial and lyric poems in six months after the death of President Kim Il-song in deepest sorrow and grief at the loss of the tender-hearted father.

The lyric poems "The Leader Will Always Be With Us" and "May the Great Father Be Immortal" are widely recited among people.

The memorial poem "Before the Bier of the Great Comrade Kim Il- song" depicts the people honoring the memory of the great leader with deepest respect before his bier and his statue standing on Mansu Hill. It sings of the unshakable faith of the people that the great leader is not gone and is always with them.

The lyric poems "He Will Be Immortal in the Image of Comrade Kim Chong-il," "Pledge of Korea," "We Will Change Sorrow Into Strength" and "General Kim Chong-il is Standing" carry the pledge of the Korean people to make the country more prosperous and achieve the independent and peaceful reunification of the country, true to the behests of the great leader President Kim Il-song, seeing his great and tender image in the person of the great leader Comrade Kim Chong-il.

Foreign Heads of State Greet Kim Chong-il

SK0701043995 Pyongyang KCNA in English 0429 GMT 7 Jan 95

[FBIS Transcribed Text] Pyongyang, January 7 (KCNA)—The great leader Comrade Kim Chong-il received messages of greetings on the new year 1995 from Owen Arthur, prime minister of Barbados; John George Melvin Compton, prime minister of Saint Lucia; Phumiphon Adunyadet, king of Thailand; Emomali Sharipovich Rakhmanov, president of the Republic of Tajikstan; Pascal Lissouba, president of the Republic of the Congo; and Mohamed Abdelaziz [spelling of name as received], president of the Saharan Arab Democratic Republic and secretary general of the Polisario Front.

The messages extend warmest congratulations to Comrade Kim Chong- il and wish him good health and a long life.

They express the belief that the friendly and cooperative relations between the afore-said countries and the DPRK will further strengthen and develop.

Romanian, Pakistani Papers on Kim Chong-il Work

SK1001050195 Pyongyang KCNA in English 0411 GMT 10 Jan 95

[FBIS Transcribed Text] Pyongyang, January 10 (KCNA)—The great leader Comrade Kim Chong-il's famous work "Socialism Is a Science" was carried by the Pakistani papers MUSLIM, THE NATION, HABARE, HAIDER and SARKAZ.

The papers printed the work under the headlines "Socialism Is Sure To Emerge Victorious", "Korea With Confidence in Victory of Socialism", etc.

The Romanian paper SCINTEIA SOCIALISMULUI carried his work "Abuses of Socialism Are Intolerable".

Kim Chong-il Honored by Russian Association

SK0701114895 Pyongyang KCNA in English 1018 GMT 7 Jan 95

[FBIS Transcribed Text] Pyongyang, January 7 (KCNA)—The great leader Comrade Kim Chong-il was nominated as "1994 year man" by the association "Common Eurasian House" of Russia.

The association adopted a decision of nominating Comrade Kim Chong-il as "1994 year man" on December 30, 1994.

According to a decision of the prize-awarding committee composed of delegates of the central, regional, and branch bodies, the association "Common Eurasian House" of Russia nominated Comrade Kim Chong-il, the great leader of the Korean people and world socialism, for the first time as "1994 year man", the decision says.

The decision notes that Comrade Kim Chong-il has been nominated as "1994 year man" for his great feats in peacefully solving the nuclear issue on the Korean peninsula, realising the idea of the great unity of the whole nation put forward by the great leader Comrade Kim Il-song and further developing the chuche idea which was the first to indicate the noble aspiration of the Korean people and world humankind for independence.

The diploma and the medal of "1994 year man" will be presented to Comrade Kim Chong-il, the decision says.

Kim Chong-il Sends Thanks for Army-People Unity

Anbyon, Kangwon, Sosong Groups

SK1001050295 Pyongyang KCNA in English 0420 GMT 10 Jan 95

[FBIS Transcribed Text] Pyongyang, January 10 (KCNA)—Comrade Kim Chong-il, supreme commander of the Korean People's Army, extended thanks to the general bureau of reception for overseas compatriots, the Anbyon County, Kangwon Province, Committee of the Workers' Party of Korea and the Anbyon County Administation and Economic Committee, for their active assistance to the People's Army.

He also sent thanks to Paek Ung-chan, a doctor of the Hyangsan County, North Pyongan Province, People's Hospital, and his wife Yang Chin-hong, Kim Mi-nan, a worker of the Pyongyang Indoor Stadium, and officials and working people of other units for their examples in displaying the traditional traits of army-people unity.

Today the deep blood bonds between the army and people helping each other are a source of the invincibility of the Korean People's Army with Comrade Kim Chong-il as its supreme commander.

Comrade Kim Chong-il also extended thanks to officials and builders of Mangyongdae, Sosong and other districts of Pyongyang, the October 5 General Automation Instrument Works, the Pyongyang Cold-Storage Factory, the Naknang Disabled Soldiers' Plastic Daily Necessaries Factory and the Sadong General Machine Plant which had contributed to the improvement of the living conditions of people.

South Pyongan, Nampo Groups

SK0701044895 Pyongyang KCNA in English 0412 GMT 7 Jan 95

[FBIS Transcribed Text] Pyongyang, January 7 (KCNA)—The great leader Comrade Kim Chong-il extended thanks to officials of the South Pyongan provincial committee and the Nampo Municipal Committee of the Workers' Party of Korea and other provincial, city and county (district) committees who had set examples in aiding the People's Army.

They called on soldiers with quantities of aid materials and looked after them like their own flesh and blood.

The speakers at the thanks-conveying meetings said the thanks extended by Comrade Kim Chong-il represent his hope that all the people will further glorify the invincible socialist system of our style in which the leader, the party and the masses are in perfect harmony by keeping in full play the traditional traits of army- people unity provided by the great leader Comrade Kim Il-song in the period of the anti-Japanese revolutionary struggle.

Trade Union Leader Supports New Year Editorial

SK1001044795 Pyongyang KCNA in English 0425 GMT 10 Jan 95

[FBIS Transcribed Text] Pyongyang, January 10 (KCNA)—"We should remain unfailingly loyal to the leadership of respected Supreme Commander Comrade Kim Chong-il in order to achieve national reunification, the lifelong desire of the great leader President Kim Il-song, in the 90s."

Chu Song-il, chairman of the Central Committee of the General Federation of Trade Unions of Korea, made the remarks in his press statement issued on Monday in support of the tasks for the reunification of the country laid down in the New Year's joint editorial of NODONG SINMUN, CHOSONINMINGUN (the daily of the Korean People's Army) and NODONG CHONGNYON.

He said what is most important for the reunification of the country is to regard as its starting-point and basis the three principles of independence, peaceful reunification and great national unity advanced by the great leader in his lifetime.

Hitting out at the anti-national acts of the South Korean "civilian government" seeking division against reunification, he said to decisively remove such a herd of traitors as the Kim Yong-sam group is a pressing demand for national unity and the reunification of the country.

The proposal for national reunification laid down by the fatherly leader to found a confederal state, independent, peaceful and neutral, is the only way of reunification that must firmly be tackled by the entire nation, he said.

He said that the prospect of national reunification is optimistic, adding:

"We are endowed with the principle, programme and ways of reunifying the country, set forth by the great leader Comrade Kim Il-song, and we are wisely led by Comrade Kim Chong-il, the great leader of the nation and the lodestar of national reunification."

National Economy 'Upsurge in Production' Reported

OW0501071395 Pyongyang KCNA in English 0537 GMT 5 Jan 95

[FBIS Transcribed Text] Pyongyang, January 4 (KCNA)—Working people in different sectors of the national economy are effecting an upsurge in production entering this year, true to the behests of the Great Leader President Kim Il-song and the intention of the Workers'

Party of Korea which was manifested in a joint editorial published by the papers NODONG SINMUN, JOSON-INMINGUN [as received] and NODONG CHONGNYON on the new year.

In power industry, the electricity output on the new year's day was 9.8 percent higher than that on the first day of last year. The Pyongyang Railway Bureau topped by far the first day's assignments of its January transport plan.

The Namhung Youth Chemical Complex is overfulfilling its daily quotas for fertilizer production by 2 [figure indistinct] percent.

The Associated Bureau of Shoemaking Industry, the Haeju Cement Factory, the Tokchon Coal Mine and many other industrial establishments of light industry, coal and building-materials industries and other sectors are now keeping production on a steady and high level.

Tongrim Cooperative Farm Holds Challenge Meeting

OW0501070595 Pyongyang KCNA in English 0409 GMT 5 Jan 95

[FBIS Transcribed Text] Pyongyang, January 5 (KCNA)—The farmers of the Tongrim Cooperative Farm in Mundok County, South Phyongan Province, held a meeting on January 3 and challenged all the agricultural working people across the country to a socialist emulation to effect a revolutionary turn in agricultural production this year.

The Tongrim Cooperative Farm is situated on the west coast in the central part of Korea.

The Great Leader Comrade Kim Chong-il visited the farm in March 1972, warmly looked after the life of the farmers and indicated a bright prospect for the development of the farm. In the last 20 odd years, the farm has been converted into a socialist rural village good to work and live in.

At the meeting, the farmers vowed to produce more than 10 tons of rice from each hectare by thoroughly applying the Chuche farming method this year in which fall the 50th anniversaries of the foundation of the Workers' Party of Korea and the country's liberation, closely rallied around Comrade Kim Chong-il.

A resolution was adopted and an outline of socialist emulation was made public at the meeting.

South Korea

KEDO Meeting Agrees on ROK-Style Reactors

SK1001013495 Seoul YONHAP in English 0122 GMT 10 Jan 95

[FBIS Transcribed Text] Washington, Jan. 9 (YONHAP)—South Korea, the United States and Japan held a working-level meeting here Monday to discuss a draft agreement on establishing the Korea Energy Development Organization (KEDO), the international consortium charged with building light-water reactors for North Korea.

At the two-day meeting, working-level officials also talked about the draft contract between KEDO and North Korea covering light-water reactor construction.

They focused on whether the term "South Korean-style nuclear reactors" should be specified in the draft agreement on KEDO's establishment, on the body's detailed organization and management, and on countermeasure to be taken if North Korea fails to meet the agreed conditions.

Diplomatic sources here said the working-level officials from the three countries have already agreed to specify "South Korean-style reactors" in the draft contract between KEDO and North Korea, adding that South Korea also wanted to include the term in an agreement spelling out the purpose of KEDO's creation.

But the United States opposes the idea, saying it is not necessary to include this term in specifying the consortium's purpose.

The three countries also decided that a U.S. official will fill the post of KEDO director-general with a South Korean serving as deputy director-general.

They discussed practical ways of managing the consortium and decided to continue efforts to draw G-7 and oil-producing nations into the consortium. They hope KEDO will comprise more than 10 countries.

Seoul Asked To Make Public Reactor Details

SK1001053495 Seoul KYONGHYANG SINMUN in Korean 9 Jan 95 p 3

[Editorial: "How Are the Talks on Light-Water Reactors Proceeding?"]

[FBIS Translated Text] Strange rumors on the supply of light-water reactors to North Korea have been circulating with regard to the working-level meeting in Washington to discuss the creation of the Korea Energy Development Organization [KEDO]. Among other rumors, one that gets on our nerves concerns a U.S. plan to have the KEDO take charge of the heavy oil supply to North Korea from the second batch on. In connection with this, we cannot help but have a doubtful feeling about the U.S. and ROK Governments.

The United States must, first of all, make public the details of its plan to supply heavy oil to North Korea. No details of the U.S. Government's plan have been made public yet. The U.S. Government must make public whether it will pay for the first batch alone (50,000 tonnes, worth $4.7 million) and have the KEDO pay for the rest, whether it will have Middle Eastern oil-producing countries participate in the KEDO and pay for the shipments, or whether it will pay for all the shipments of alternative fuel, as many people expected when the North Korea-U.S. agreement was signed in Geneva.

Regrettably, with regard to the U.S. position, anonymous sources have presented only "speculative stories," and the U.S. Government has not officially commented on this issue. This has given rise to unnecessary confusion, as a matter of fact. If the nuclear problem is to be resolved successfully as anticipated, the United States must first win the trust of the major participants in the KEDO.

Our government, as a matter of course, should have had the United States clarify and make public details of its position, which is ambiguous. The government is merely repeating its principles. When it was reported in Washington two months ago that the "ROK would pay for most of the heavy oil to be supplied to North Korea," our government made the formulaic response: "The U.S. side has not made such a request."

It is required not to make public some sensitive diplomatic issues. Still, this principle must only be applied to exceptional cases. If the government keeps too much information to itself, it will not be able to win the people's support, which is necessary when carrying out diplomacy. People must know what is going on in diplomacy. As we have repeatedly pointed out, only when the government adheres to a firm principle in diplomacy and makes public the details of its diplomacy, can it expect the people's support.

We are not living in an authoritarian era, but rather in a civilian era when everything is made public. Therefore, the government must make public the course of the light-water reactor talks, not conceal it. Only then will it be able to put to rest the rampant rumors surrounding the light-water reactors.

Officials Cited on KEDO Draft Contract

SK1001031195 Seoul YONHAP in English 0257 GMT 10 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP)—The adoption of a South Korean model of light-water nuclear reactor is specified in the draft contract that will be signed by North Korea and the Korea Energy Development Organization (KEDO).

Foreign Ministry officials said Tuesday the draft contract, provided by the U.S. Government and sent to the Seoul government, clearly stipulates the standard South Korean reactor model as agreed at high-level talks on KEDO's creation last year among South Korea, the United States and Japan.

A ministry official said the standard South Korean light-water reactor is clearly stated in the U.S.-drafted contract to be signed by KEDO and North Korea in April.

Meanwhile, U.S. Assistant Secretary of State Winston Lord said Monday in Washington that South Korea will play a central role in the entire light-water reactor operation.

During a regular press briefing at the State Department, Lord, who is in charge of East Asia and Pacific Affairs, emphasized that the "South Korean role, both in terms of construction and finance, will be central."

Replying to a question on whether the United States was trying to persuade Seoul to exclude the term "South Korean model" from the KEDO contract, Lord said, "Well, I don't want to get into specific formulations."

As to the type of reactors under discussion in Washington at a working-level meeting involving South Korea, the United States and Japan, he said "That's still being worked out in the kind of talks that I mentioned that are taking place now."

He said KEDO will be the major issue at U.S.-Japan summit talks set for Wednesday in Washington.

'ROK-Type' Reactors, Seoul Leading Role Urged

SK1001033395 Seoul HANGUK ILBO in Korean 10 Jan 95 p 3

[Editorial: "New Diplomatic and Security Team and KEDO"]

[FBIS Translated Text] Whether the ROK will play "a leading role" in supporting light-water reactors to North Korea has emerged as the core issue in the ROK policy toward North Korea in the wake of the creation of Korea Energy Development Organization [KEDO] in February. The ROK's leading role is related to whether ROK-type atomic reactors will be adopted in the North Korea-KEDO agreement, which will be concluded by April, and whether the ROK will lead the construction and technological support.

During the talks of high-level working officials from the ROK, the United States, and Japan in San Francisco in mid-December last year, it was agreed that "concerning the offering of ROK-type reactors, the ROK will play the central role in the finance and construction fields." Following this, the ongoing Washington working-level conference is discussing the regulations on the operation of KEDO, in addition to issues regarding the agreement.

It is a matter of course for the ROK, which will assume a considerable amount of construction costs amounting to $4 billion, to play the core role in deciding the model of reactors and in construction as a party concerned on the Korean peninsula. Furthermore, North Korea is well aware that no other nation, except the ROK, will shoulder such expenses.

North Korea, however, will carry out a "strategy of excluding the ROK" to the maximum extent under political calculation. North Korea insisted that the nuclear issue is a problem that can only be resolved with the United States. For North Korea, the fact that South Korean technology and manpower are involved in the construction of a nuclear power plant in North Korea under the Kim Chong-il system after Kim Il-song's death cannot but be a serious situation.

The United States has already made a drastic concession to North Korea in order to maintain the Nuclear Nonproliferation Treaty system and to block North Korea's nuclear development. This being the case, no one is sure that the United States will not boycott this strategy, although it is well aware of the obstinacy of the strategy.

In fact, the North Korea-U.S. agreement is exceedingly strange [kiihagi tchagi optta]. Although the United States made an enormous promise for the construction of two light-water reactors and the supply of heavy oil, there is no clear definition of its obligation and responsibility. In other words, the only publicly known fact is that through KEDO, the United States will use its influence [chuson handa] on the construction of the reactors and the supply of the oil.

In particular, the United States has never made clear officially the adoption of ROK-type reactors and the ROK's leading role in the construction. At a hearing in the U.S. Senate Asian and Pacific Affairs Subcommittee in December of last year, Robert Gallucci, U.S. assistant secretary of state, merely stated: "Concerning the nuclear power station [wonjon], the ROK expressed its willingness to cooperate to the maximum, including a promise to play the central role in sharing funds" [chungsimchogin chagum pudam yaksok].

His remarks mean that there is a possibility for the ROK to play the central role in sharing funds alone, thus attracting the people's attention. The United States promised $4 billion for light- water reactors; $50 million for heavy oil for 10 years, and $10 million for the disposal of used nuclear fuel rods, to North Korea in return for its suspension of nuclear program. Following this, the United States is already officially expressing its intent to share only 50,000 tonnes of heavy oil ($5 million worth) in the first year, and to turn the rest of the expenses to KEDO. This being the situation, there is a possibility that the United States will make preposterous [ongttunghan] proposals to the ROK for concession and adjustment, in an attempt to appease North Korea picking a quarrel pertaining to the adoption of ROK-type reactors and to non- interference by the ROK.

There can be flexibility in merely changing the name of reactors into "KEDO-model" in consideration of North Korea's "chuche-oriented position." However, the substantive nature of ROK-type reactors and ROK's leading role in construction should be accomplished by all means. The operation of KEDO and the content of the contract with North Korea are the greatest pending tasks for our new diplomatic and security team.

Kim Presented Operational Plan on N-S Issues

SK1001023895 Seoul KYONGHYANG SINMUN in Korean 10 Jan 95 p 2

[Report by So Pae-won]

[FBIS Translated Text] The government has decided to carefully consider steps to adopt "a basic agreement on North-South atomic energy cooperation" with North Korea regarding the supply of light-water reactors. The government will also map out a plan on exchanging technical survey teams between the North and South and organize an expert council which will be jointly steered by the government and civilians so as to systematically accelerate North-South cooperation in science and technology. Science and Technology Minister Chong Kun-mo presented President Kim with an operational plan on 9 January regarding this.

NSP Head Speculates on Kim Chong-il Succession

SK1001121895 Seoul YONHAP in English 1203 GMT 10 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP)—There is much possibility that North Korea's Kim Chong-il would be chosen as state president by the Supreme People's Assembly in May after the delegates to the present Ninth Supreme Assembly were reshuffled, South Korea's top intelligence officer said Tuesday.

Testifying at the National Assembly Intelligence Committee, Kwon Yong-hae, director of the Agency for National Security Planning (NSP), said another likeliness is that his selection as state president may be delayed until Oct. 10 this year when the Workers' (Communist) Party observes its 50th anniversary.

Rep. Sin Sang-u, chairman of the Intelligence Committee, quoted Kwon as saying that some North Korean bureaucrats and military officers, too, are puzzled at their official new year message this year which took the form of a joint editorial of several medias instead of being one signed by Kim Chong-il.

"We, therefore, are carefully studying the background leading to the issuance of such a new year message," the NSP chief was quoted.

Regarding Kim Chong-il's health, Kwon said Kim Chong-il had in the past undergone medical treatment and signs indicate he still is being treated.

"However, his seems to be an adult disease not so serious as to affect the performance of his daily duties," the NSP chief said.

Kwon said he believes Kim Chong-il is yet to assume the state presidency not because of his health problem nor is there any signs of power strife in Pyongyang.

Also during the testimony, Kwon rejected as "unfounded" some opposition lawmakers' assertion that his agency had "invented" an espionage case involving Kim Sam-sok and his sister, Kim Un-chu.

Democratic Party solons Yi Pu-yong and Kang Chang-sung asserted that it was a "frame-up" wrought by the NSP. They cited a "confession of conscience" made by an ex-NSP agent allegedly involved in the "fabrication."

Kwon said that the former NSP agent reported to have made the "confession of conscience" was an NSP employee before being dismissed.

"That man made a false confession out of a grudge against the NSP. The spy case of the Kim brother-sister was not an invention," the NSP chief said.

University Applies To Contact North Universities

SK0901075695 Seoul CHOSON ILBO in Korean 9 Jan 95 p 2

[FBIS Translated Text] It was confirmed on 8 January that Professor Kim Sik-hyon, Seoul National University Business Administration Department president, submitted an application to the National Unification Board on 6 January for permission to contact North Korean institutions. This includes six North Korean universities, including Kim Il-song University Department of Economics; five institutes, including the Institute of Socialist Economic Management under the Academy of Social Sciences; and two administrative organizations, including the External Economic Committee under the State Administration Council.

Seoul National University Department of Business Administration intends to help North Korea develop skills in business management, as it is expected the demand for skills in capitalist-oriented management and business management will increase in North Korea in the future.

Firm Asked To Arrange Tourist Trip to DPRK

SK0901092095 Seoul CHUNGANG ILBO in Korean 9 Jan 95 p 1

[FBIS Translated Text] It has been confirmed that North Korea recently asked an ROK enterprise to assemble and send 5,000 foreign tourists, including Korean overseas compatriots, to an international sports and cultural festival to be held in Pyongyang on 25 April. Also, North Korea has expressed that if this trip proceeds successfully, it will allow South Korean separated family members to visit North Korea through Panmunjom next year as tourists. Therefore, it has attracted people's attention.

(President Sok Yong-man) of the Ion Overseas Trade Company, an enterprise to promote North-South economic cooperation, stated on 8 January that "it agreed with (Chairman Yi Song-nok) of the North Korean Association for the Development of Koryo National Industry to assemble and send 5,000 foreign tourists, including tourists from the United States, Japan, and Europe, to the international sports and cultural festival to be held in Pyongyang on 25 April."

Disclosing the agreement reached between the South Korean company and the North Korean association, President Sok stated: "I will soon form a consortium made up of three or four domestic tourist companies," and that "I will then begin the work to assemble tourists in February at the earliest."

This is the first time a domestic company has gained permission from North Korean authorities to assemble foreign tourists to visit Pyongyang. North Korea's move indicates that Kim Chong-il's government will actively carry out pragmatic opening and economic development tasks.

DPRK 'Hopes To Draw' 10,000

SK0901080395 Seoul YONHAP in English 0714 GMT 9 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 9 (YONHAP)—North Korea hopes to draw some 10,000 foreign tourists to an international sports and culture festival, which will feature professional wrestling, in Pyongyang at the end of April, a visiting North Korean official said.

Yi Chong-hyok, vice chairman of the North Korean Asia-Pacific Peace Committee (APPC), made the disclosure at a press conference in downtown Tokyo Sunday evening, saying his country would open up Mts. Paekdu, Kumkang and Myohyang and the cities of Nampo, Kaesong and Pyongyang to foreign travelers coming for the festival.

When it comes to allowing in (South) Korean tourists, there will be no consultations with Seoul, Yi noted. But "Korean residents in Japan might be able to visit the North as tourists," he said, hinting that Pyongyang may take advantage of the event politically.

He also said that foreign media could come to the communist nation to provide coverage of the event.

Hosted jointly by the North's APPC and Japan's new Japan Pro Wrestling Co., the festival will run from April 28-30 and feature pro wrestlers from the United States and Japan, as well as a variety of performers.

The Japanese pro wrestlers' body, led by former grappler Antonio Inoki, predicted that some 5,000 Japanese would go to North Korea to witness the event.

Meanwhile, Yi returned home Monday via Beijing along with Kim Yong-sok, the eldest daughter of a famous Korean pro wrestler in Japan, the late "Yokdosan" (Rikidosan in Japanese). Yi and Kim came to Tokyo last Tuesday.

U.S. Embassy Cited on Lifting Sanctions on North

SK1001040895 Seoul KBS-1 Radio Network in Korean 0300 GMT 10 Jan 95

[FBIS Translated Text] It seems that the United States is planning to ease economic sanctions against North

Korea such as allowing Americans to invest in the communications and energy fields in North Korea.

The U.S. Embassy in the ROK said that the United States will make an announcement on 20 January on easing economic sanctions against North Korea such as allowing U.S. companies to invest in North Korea's communications and energy fields as well as giving financial assistance so that it can increase its infrastructure.

It was learned that in this announcement, the United States will also allow exchanges, such as U.S. businessmen visiting North Korea, which have been prohibited up until now. However, for the time being, the United States will prohibit the import of products originating in North Korea.

Change Foreseen in Foreign Policy Toward U.S.

SK1001014095 Seoul SEOUL SINMUN in Korean 9 Jan 95 p 2

[Article by Yu Min: "New Foreign Policy Team Assumes More Independent Stance Toward the United States"]

[FBIS Translated Text] There are signs of change in the basic tone of ROK foreign policy toward the United States created by the new foreign policy team formed in the 23 December Cabinet reshuffle. In view of the enormous weight our U.S. foreign policy carries in our overall foreign policy, a change in the basic tone of our foreign policy toward the United States should be a significant development, drawing our attention.

While we do not perceive any clear changes from President Kim Yong-sam's New Year news conference or Foreign Minister Kong No- myong's remarks on official occasions, we can nevertheless perceive delicate signs here and there, indicative of moves to relieve the ROK from its existing framework of heavy emphasis on relations with the United States. The new foreign policy team's moves to rectify the concept of our U.S. foreign policy, as seen, for instance, in the frequent reference to the independence of our foreign policy, is worthy of our attention.

There are views that these moves are appropriate since the framework of giving great weight to the United States may naturally collapse in our endeavors to pluralize our foreign policy in the course of carrying out the globalization which President Kim put forth as a task for state affairs.

Whenever he was asked questions about the possibility of any alterations in foreign policy toward the United States, Foreign Minister Kong No-myong flatly denied the possibility, saying "the United States, as well as Japan, is the main axis of our foreign policy." Adding that "we ought to conduct foreign policy commensurate with the level of our economic capability," however, he stressed that the ROK will also attach greater importance to problems with other countries and other diplomatic issues which were neglected to some degree in the whirlpool of the North Korean nuclear issue.

Saying that "some departments in our ministry must have felt alienated for some time because of the North Korean nuclear issue," at his inaugural meeting as foreign minister, Foreign Minister Kong promised to "heal" those wounds. Healing means "diversification of foreign policy" to meet the country's capabilities. President Kim confirmed Foreign Minister Kong's remarks by stating in his New Year news conference, "We will conduct our diplomacy with the world in a manner suitable for our country's capabilities."

The first incident by which we could read the new foreign policy team's view of the United States was the "U.S. helicopter incident." Here the new foreign policy team showed a few instances of "taming the United States" which differed from the time of Foreign Minister Han Sung-chu. Foreign Minister Kong applied the brakes on the habit of visiting U.S. officials of "entering the Minister's office at random and using the telephone as they pleased." Therefore, U.S. State Department Deputy Assistant Secretary Hubbard, who visited the Foreign Ministry for settlement of the incident, had to deal only with his ROK counterpart, the director of the Americas Bureau.

When the U.S. side agreed to the discussion of the issue of "unconverted long-term prisoners in South Korea" in the negotiation with the North Korean side, contrary to the original U.S. promise, the new foreign policy team promptly applied the brakes. Vice Foreign Minister Pak Kon-u called U.S. charge d'affaires to the ROK Kartman and openly protested by saying, "This is a matter of our sovereignty and we are deeply concerned." Some regard this as a very significant "incident" in which we clearly passed on our view to the U.S. side since the launch of the civilian government.

Diplomatic experts think that our views will often be expressed in a loud and clear manner in diplomacy with the United States, and that this may, at times, lead to conflict between the ROK and the United States, for there are many potential issues where conflict could develop between the ROK and the United States, such as the North Korean-U.S. negotiations regarding the installation of light-water reactors and the exchange of liaison offices, the establishment of a peace regime on the Korean peninsula, and the ROK-U.S. trade issue. In particular, President Kim stated firmly in his New Year news conference, "Without progress in North-South relations, there will be no assistance in the installation of light-water reactors." Therefore, the negotiation for light-water reactors is likely to provide more points where the ROK-U.S. relations can be measured from henceforth.

A working-level official in the division of foreign policy toward the United States said, "Foreign Minister Kong's perception of the United States is considerably different from that of former Foreign Minister Han. While Minister Kong is in office, the U.S. side may often find him not easy to deal with."

Yi Hong-ku Views Ties With DPRK, U.S.

AU1001151195 Berlin DIE WELT in German 9 Jan 95 p 7

[Interview with ROK Prime Minister Yi Hong-ku by Lothar Ruehl at the "end of December"; place not given: "Korea's Unification Needs More Time Than German Unification"]

[FBIS Translated Text] [Ruehl] Washington and Pyongyang have concluded an initial agreement on the conversion of the North Korean nuclear program with U.S. support. Its goal is to remove the nuclear potential in North Korea. How does this agreement influence the situation on the Korean peninsula? Does it facilitate the process of national unification?

[Yi] Numerous problems continue to exist after the conclusion of this agreement, as well as regarding its implementation in the spirit of the agreed goal is concerned: the prevention of nuclear armament and the observance of the Nonproliferation Treaty. The details of the agreement are rather vague. Thus, a great deal will depend on North Korea's readiness to implement it. If Pyongyang's behavior so far can be taken as a yardstick, we will be facing considerable problems.

[Ruehl] Is the agreement being interpreted in the same way by both sides?

[Yi] This is the actual problem. Differences over the interpretation continue to exist. Still, we believe that this agreement is the beginning of a new chapter. Thus, we view the new situation slightly more positively. We announced that we will lift the travel ban to the North for businessmen and that we will allow economic contacts—for the examination of investment conditions in North Korea by South Korean entrepreneurs—to a useful extent.

[Ruehl] Has North Korea really proposed the establishment of two economic zones to facilitate cooperation?

[Yi] You are talking about the two free trade zones that North Korea has basically declared. Yet nothing exists so far, there is absolutely no infrastructure for transportation and production, neither ports nor traffic routes. Thus, a great deal of time will pass until something can happen. Apart from that, in the talks with us that have been interrupted, Pyongyang offered to manufacture South Korean industrial goods in North Korean factories. For this reason, we deem it useful to allow our businessmen to examine on the spot in the North what is possible—and under what conditions.

[Ruehl] Will the businessmen need approval for their decisions?

[Yi] The businessmen have to safeguard their own interests and calculate their risks. We insist on a political agreement between the two states as a basis for all cross-border activities. This is necessary to guarantee the security of our country's citizens travelling to the North and of the investments, including capital transactions and legal certainty concerning taxation, for example. Investments need protection, which does not yet exist in North Korea. Thus, a government agreement must be concluded on this issue.

[Ruehl] It seems as though Pyongyang is ready to open up its country to a certain extent without giving up communism. Yet this applies mainly to Japan and the United States but not to South Korea. The major goal seems to be international and not national cooperation.

[Yi] We have the impression that officials in Pyongyang do not yet know what they want. We must wait and see.

[Ruehl] Has this something to do with the succession to the late dictator Kim Il-song? Do you consider the current regime a caretaker government or a stable leadership led by Kin Chong-il?

[Yi] We consider Kim Chong-il the man who is currently in charge. His position seems consolidated even though he has not yet succeeded his father officially in the president's office and as first party secretary. However, as far as the character of the government is concerned, we will have to wait and see. It is too early to say whether this is the last chapter of the Kim Il-song era or whether a new chapter will be opened. We are trying to convince the North Koreans that it would be better for them to cooperate with us.

[Ruehl] Your government has linked economic cooperation with a cooperative policy of national unification....

[Yi] That is right....

[Ruehl] But North Korea has rejected that brusquely so far.

[Yi] The rejection is more oriented toward propaganda. There have been quite confusing statements. Thus, we have been told that our "proposals" do not meet with any support. However, we have not yet submitted any proposals but only declared our specific readiness to lift the travel ban for businessmen. Our state president Kim Yong-sam suggested that it is about time for North and South Korea to cooperate because South Korea cooperates with numerous Asian countries within the framework of the Asian-Pacific Cooperation APAC. He also stated that we are willing to support North Korea in the event of its participation in this international framework of regional cooperation. This suggestion was rejected as "mere propaganda." At the same time, North Korea reminded us of the existence of the Joint Committee for Economic Cooperation. However, North Korea's representatives have not participated in this committee for quite some time. We hope that this remark is a sign that the North Koreans will return. Also, Pyongyang has not commented on business contacts. In the past, it said yes or no to business trips to the North.

[Ruehl] Is North Korea lacking a political concept for that?

[Yi] I would not say so. It does have a policy with several goals or several policies which, however, do not harmonize. The North Koreans want certain things from us like investment capital and the transfer of technology, including expert knowledge in the sphere of management and technical operations, but they do not want such imports to have an impact on their political system with which they control the population and on their isolated position in the world.

[Ruehl] You have offered financial support for the establishment of light-water reactors instead of the plutonium-producing graphite reactors in North Korea. What does this mean for the relationship between the two Korean states?

[Yi] Several Western states, including the ROK, have declared their basic willingness to provide financial aid for the implementation of the U.S.-North Korean agreement. However, for the time being, we will have to wait and see whether and how this agreement will be applied and implemented. We do not know yet. In any event, the realization of the Geneva agreement would cost us a great deal of money—approximately $2 billion or more. Yet the majority of our population would support this aid. It would be a long-term project reaching into the next century, and it would ensure a clean and safe energy supply for the Korean peninsula.

[Ruehl] Is South Korea to provide this sum within the framework of an international syndicate involving a $4 billion project?

[Yi] As things stand at the moment, we are to provide at least more than 50 percent of the funds. However, it remains to be seen who really wants to participate financially in such a syndicate. In any event, we will be the majority shareholder in this "venture" for the simple reason that no one else wants to make a larger contribution.

[Ruehl] Do you see a national interest in an over 50-percent participation?

[Yi] A national interest in the broadest sense of the word. We are interested in Korean unification, but, above all, in the well-being of the people.

[Ruehl] Is the technical conversion of nuclear energy production in North Korea to reactors that produce no or little weapons-grade plutonium also a question of military security for your country?

[Yi] The conversion would enhance the security of the whole of Korea in the spirit of the nonproliferation of nuclear weapons, which is in the interest of the United States and of the whole international community, and in the spirit of the Nuclear Weapons Committee on the Korean peninsula. In the South, there are no longer any U.S. nuclear weapons, and our armed forces no longer possess any nuclear weapons. A North-South agreement for a nuclearfree Korea was concluded a few years ago. North Korea's nuclear program is a clear violation of this agreement, no matter whether North Korea possesses operational nuclear weapons or weapons-grade fissile material or not. This is our big security problem, apart from North Korea's conventional weapons.

[Ruehl] As far as the prospect of unification is concerned—do you still see a long way ahead before this goal can be achieved?

[Yi] We are facing a long way that must be overcome in several phases. During the first phase, the two states should coexist in a "Korean Commonwealth," and later we want integration. However, this will require a great deal of time.

[Ruehl] Thus, you do not see a repetition of German reunification within a short period?

[Yi] No one can predict that. Before 1989, the Germans, too, did not expect unification to take place so fast. What we can learn from the German example is that one must be prepared for everything. The precise preparation for a certain situation is naturally not possible because no one can predict it with some certainty. Yet one should prepare options for certain "contingencies"—that is, for certain possible cases or constellations. We are doing that.

[Ruehl] If you look to Pyongyang, can you see a policy for or against unification? Is unification still a goal for North Korea, as it was in 1950, when Kim Il-song tried to conquer South Korea in a war of aggression?

[Yi] A goal? It is certainly an ideological goal. However, today North Korea is trying to prevent the South from absorbing the North according to the German example. On the one hand, Pyongyang speaks of "one Korea," but, on the other, it wants to keep its own state in the North—that is, two Koreas. This is a fundamental contradiction.

[Ruehl] Does this mean that North Korea's strategy is aimed at winning international recognition without South Korea and at establishing diplomatic relations with the United States and Japan, maybe even at creating special relations without including South Korea?

[Yi] We have nothing against North Korea's establishing diplomatic relations with other states, including the United States, or against North Korea's carrying out business or cooperating with other countries, which is already the case with China and Japan, for example. In 1988, we adopted a new policy in Seoul. We said that it would be better for the future of the peninsula if the two Koreas recognized each other and would both become members of the United Nations. This would have implied the international recognition of the two states.

We have nothing against diplomatic and economic relations between North Korea and the United States, but such relations should not be used for consolidating Korea's division but for strengthening peace on the Korean peninsula and for promoting cooperation between the two Koreas. We want more exchanges and cross-border visits to reunite separated families.

[Ruehl] Does this mean that you are seeking a constructive relationship between the two Koreas while the Geneva agreement between the United States and North Korea is being implemented, as well as seeking security and cooperation on the basis of the bilateral agreement concluded with North Korea two years ago, which, however, has not yet been realized?

[Yi] Yes, we have the "basic agreement" with North Korea that provides for consultations aimed at the conversion of the provisional agreements on the cease-fire after the end of the hostilities, based on the 1954 international Geneva agreement, into a more peaceful regulated relationship. According to this agreement, both sides should take the initiative for consultations to this end—that is, they should prepare a peace settlement.

However, nothing has happened so far because the North has not yet fulfilled these obligations. It is stubbornly trying to maintain this unclear situation between war and peace, without opening up peace prospects. Just as on the nuclear weapons issue, North Korea's position is ambivalent and even obstructionist—in any event completely negative.

[Ruehl] Can this negative policy be continued as though nothing had happened in an international environment that has changed fundamentally between 1988 and 1991?

[Yi] Of course, there are limits to such a negative attitude. North Korea will not be able to continue this policy endlessly. However, ultimately it is up to Pyongyang to adapt its policy to the international realities if it wants to end its isolation. We are trying to influence North Korea's attitude in this spirit. However, this has turned out to be extremely difficult. Experience has shown that if a system of power monopoly, an ideology, a unity party with an information monopoly, if a central control systems aimed at isolating the population has been successful for a certain period of time—as has been the case in North Korea—it loses the ability to adapt to external changes.

[Ruehl] And as was the case in the GDR?

[Yi] This is North Korea's dilemma: Like the GDR, it has a vital problem that it has not succeeded in solving so far. The regime in Pyongyang feels insecure even though it still possesses its full power. Yet does it have the strength to change? Does it want to change at all? This represents a danger for us. If North Korea gets into trouble, South Korea will be directly affected. This is a vital question for us because, in a crisis, North Korea might become aggressive again because of its insecurity. This is probably also the reason for its nuclear weapons program: It wants to compensate for its insecurity with nuclear weapons and its political and economic deficit with a nuclear arms potential.

[Ruehl] Do you consider this the reason for North Korea's nuclear program? Do you consider this realistic?

[Yi] In any event, North Korea has invested enormous sums in its nuclear program, thus creating a position of strength for negotiations, for a nuclear-political compensation deal with the largest power in the world, the United States. It succeeded in inducing the United States to conclude a political agreement. Thus, more than a dangerous nuclear program is involved. North Korea would not have been so successful without this program.

[Ruehl] Are you saying that Pyongyang forced the United States to make concessions, particularly with a view to nuclear arms control and the verification of the Nuclear Nonproliferation Treaty from which North Korea threatened to resign and which it apparently did not observe?

[Yi] Yes. For this very reason, our major goal was to stop the nuclear program, to freeze it, and to end it in a controlled manner to rule out any further nuclear rearmament. The security of the Korean peninsula and of the entire region and the degree of threat that the North poses for the South are involved. For this reason, we accept the Geneva agreement between the United States and North Korea, even though we do not agree with all stipulations. This applies particularly to the rule that on-site inspections have been suspended for the next five to six years. This means that the technical controls of the plants on the basis of the Nuclear Nonproliferation Treaty will not be resumed before the next century. This is much too late, and the period is much too long. However, it is now important to stop the nuclear rearmament program that Pyongyang has begun and improve the security of the Korean population. Thus, we accept the gaps and weaknesses of the agreement for the time being. The development of the situation is the criterion for the success of the Geneva agreement. The year 1995 will be very significant in this respect.

[Ruehl] In view of recent developments, are you largely satisfied with your relationship with the United States as an ally and a protecting power?

[Yi] Basically, yes. We have a good relationship with the U.S. Administration and President Clinton personally. However, we must naturally also take into consideration certain political trends in the United States that are not conducive to an overseas commitment by the world power and which might also affect our region.

[Ruehl] Trends toward a limitation or even reduction of the U.S. protection or of the military U.S. presence in Korea and the western Pacific?

[Yi] Yes, we might be facing problems here.

[Ruehl] Do the relations with China and Russia that you resumed after 1989 represent additional security for you vis-a-vis the confrontation risks in the region?

[Yi] That is right. Above all, however, economic relations are important—particularly with China, with whom South Korea has established lively trade relations involving $10 billion annually with a rising tendency. In addition, our relations with China and Russia have improved our position in international affairs and given us more leeway and opportunities to actively participate in international relations worldwide. South Korea's new situation has changed the interplay of forces and the political balance in our favor. In fact, there is no longer any competition between North and South Korea. South Korea's GNP is 15 times larger than North Korea's in real terms. This also has an impact on all international activities, and there is a disparity to South Korea's advantage.

[Ruehl] Is Pyongyang trying to use its military superiority with a massive weapons potential and large armed forces as a compensation for its economic weakness in comparison with South Korea and as a strong negotiating position?

[Yi] The military is a major factor but it is also a burden for the country's national economy. The more money that is invested in the weapons program and the armed forces, the fewer resources remain for economic development and the civilian population—that is, for expansion and consolidation.

[Ruehl] Has North Korea learned something from the examples of the GDR, the Soviet Union, and the completely different example of China?

[Yi] Of course, there are several lessons to be learned, but we hope that the North Koreans look to Beijing, above all, and learn something from the way China is opening up and from its economic development.

[Ruehl] However, as happened in China in 1989, North Korea would be facing a dilemma between central political control and private initiative and personal freedom, between political power and human rights.

[Yi] China continues its policy of openness and economic reform successfully without the Communist Party's abandoning its leadership. If China is able to do so, why shouldn't North Korea?

Assembly Forms South-U.S. Parliamentary Council

SK0901080895 Seoul CHOSON ILBO in Korean 9 Jan 95 p 3

[FBIS Translated Text] On 9 January the National Assembly parliamentary operation council, which handles diplomatic activities of lawmakers, held a meeting chaired by speaker Hwang Nak-chu. It decided to establish the "Informal ROK-U.S. Parliamentary Council" as a standing organization to deal positively with the rapidly changing diplomatic climate of the United States in which the Republican Party is now in the majority. The National Assembly will establish subcommittees in key areas—diplomacy, security, trade, and science and technology—under the Informal ROK-U.S. Parliamentary Council, which will function between the Parliamentary Friendship Association and the Parliamentary Union. It is now considering plans to promote cooperation and understanding between the two countries at the parliamentary level by exchanging mutual visits by lawmakers and by holding seminars.

Ministry on 'Record of Understanding' With U.S.

SK0901080195 Seoul YONHAP in English 0704 GMT 9 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 9 (YONHAP)—The South Korean Government is trying to limit advertising for cigarettes imported from the United States and wants warnings placed on imported cigarette packs, Foreign Ministry officials said Monday.

The ministry will also demand, at working-level bilateral trade talks slated for Jan. 19-20, that Washington agree to Seoul's right to unilaterally set tariffs on imported cigarettes, the officials said.

The ministry will focus on revising provisions of the "record of understanding" which stipulate that the Seoul government must negotiate with Washington every time it wants to raise taxes on cigarette sales and that Seoul set the tax at 450 won per pack, they said.

South Korea accepted the "unequal" record of understanding in 1988 mainly because it was posting huge trade surpluses with the United States at that time, according to the officials.

Among other issues to be discussed during the working-level meeting on trade will be food sanitation and livestock exports.

The Korean side will be represented by So Yong-hyon, director of the International Trade Division 1 of the Ministry of Foreign Affairs, and officials from the Ministries of Finance-Economy, Health-Welfare and Agriculture-Forestry-Fisheries while the Americans will be headed by Christina Lund, newly appointed chief of the U.S. Trade Representative (USTR) section in charge of Korean affairs, the officials said.

Former Japanese Prime Minister Meets President

OW1001034995 Tokyo KYODO in English 0250 GMT 10 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 10 KYODO—Former Japanese Prime Minister Morihiro Hosokawa on Tuesday [10 January] met South Korean President Kim Yong-sam at a private breakfast at the Presidential Palace in Seoul, government officials said.

However, they did not disclose the contents of the meeting as Hosokawa's visit was a private one.

Hosokawa is scheduled to meet Foreign Minister Kong No-myong and Kim Yun-hwan, president of the Korea-Japan Parliamentarians Union on Tuesday afternoon.

Hosokawa last met Kim in the ancient Korean capital city of Kyongju in fall 1993 when he was in office.

Hosokawa is scheduled to leave Seoul for Hong Kong on Tuesday evening to continue his 10-day tour of six Asian countries.

In his Tuesday afternoon meeting with Foreign Minister Kong No-myong, Hosokawa exchanged views on political and economic relations between the two nations, YONHAP News Agency reported.

YONHAP quoted Foreign Ministry officials as saying that Hosokawa and Kong discussed a wide range of issues, including projects to commemorate the 30th anniversary of the normalization of diplomatic ties.

They also discussed their countries' competing bids to host the 2002 World Cup soccer championship, and the need for increased exchanges between political leaders, YONHAP reported.

Kong explained to Hosokawa the recent downing of a U.S. military helicopter over North Korea, the report said.

The former Japanese premier talked about the political situation in Japan including a crisis within the ruling Social Democratic Party [of Japan—SDPJ], it said.

Some rebel members in the SDPJ led by Prime Minister Tomiichi Murayama have threatened to quit the party and set up a new party. The SDPJ's possible division is seen to greatly affect affect the future course of Murayama's three-party coalition government formed by the SDPJ, the Liberal Democratic Party and New Party Sakigake [Harbinger].

Meets With Foreign Minister Kong

SK1001060895 Seoul YONHAP in English 0521 GMT 10 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP)—Foreign Minister Kong No-myong met Tuesday with former Japanese Prime Minister Morihiro Hosokawa to exchange views on political and economic relations between Korea and Japan.

During what was described as a "friendly and private" meeting by Foreign Ministry officials, the two discussed a variety of issues including projects to commemorate the 30th anniversary of diplomatic normalization, the two nations' competition for the right to host the world cup soccer finals in 2002 and the need to exchange political leaders.

Minister Kong also provided Hosokawa with an explanation on the recent downing of a United States military helicopter North of the Demilitarized Zone, the officials said.

For his part, the ex-Japanese prime minister talked about the political situation in his homeland including a crisis within the ruling socialists, which might result in the party's dissolution, they said.

Hosokawa was accompanied by Michael Dobbs, head of the Tourreau Foundation, a friendship association between Japan and European countries, at the meeting with Kong to promote friendship and understanding between the foundation and Korea.

Hosokawa, who had already visited President Kim Yong-sam earlier Tuesday, will meet with Kim Yun-hwan, Seoul-side co-chairman of the Korea-Japan parliamentarians union, before leaving later in the day for Hong Kong.

Seoul Decides To Seek Compensation From EU

SK0901080595 Seoul YONHAP in English 0730 GMT 9 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 9 (YONHAP)—The government has decided to seek compensation for increased tariffs on goods exported to Austria, Sweden and Finland as a result of the three countries joining the European Union (EU) this year, the Ministry of Foreign Affairs announced Monday.

The three nations recently raised tariffs on South Korean semiconductors, automobiles and electric and electronic products to fall in line with the EU's tariff system, ministry officials said.

The demand will be made in accordance with Clause 6, Article 24 of the General Agreement on Tariffs and Trade (GATT), which calls for compensation for any damage incurred by countries outside a trading alliance due to the alliance's action, the officials said.

The United States has already demanded that the EU pay compensation for damages caused by the three newcomers' admission, while the union is allowing America to export a certain amount of goods to Austria, Sweden and Finland at existing tariff rates until June 1995.

Such provisional measures will also have to be applied to Korea in line with the most-favored-nation (MFN) trade status which it has already acquired from the EU, the officials stated.

The ministry is examining the impact of the tariff rise on Korean firms before negotiating with the EU, they noted.

Ambassador 'Amassing' Support for WTO Post

SK1001071095 Seoul YONHAP in English 0549 GMT 10 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP)—Former Trade Minister Kim Chol-su said Tuesday he would strive to be selected as director-general of the newly launched World Trade Organization (WTO) by mid-March, the WTO-set deadline for reaching a consensus on its top post.

During a press conference after he received his credentials for the post of international trade ambassador from Foreign Minister Kong No-myong, Kim said he is amassing more international support as the deadline nears, although the competition for the position is still keen among the three candidates—Kim, former Mexican President Carlos Salinas and ex-Italian Trade Minister Renato Ruggiero.

Of the three, Ruggiero seems to have gathered more support in terms of number of countries, said Kim, who added that the winner will be selected through international consensus rather than a majority vote in accordance with the tradition of the General Agreement on Tariffs and Trade (GATT).

Kim thinks he has garnered broad support from many African countries while securing backing from almost every Asian nation, with the three candidates divided according to the regions favoring each.

He did not want to speculate on the possibility that Salinas would pull out of the race because of the economic crisis in Mexico, but did say the three-way competition would take a new form if that did happen.

Salinas, however, is still endeavoring to win and is lobbying Asian countries to support him as the first WTO director-general, according to Kim.

Thanking Foreign Ministry officials for backing his efforts to secure the post, Kim said it is not desirable for a person belonging to a certain trade bloc to be selected as director-general because the WTO is a body dealing with international trade disputes.

Kim said he could best understand the concerns and interests of both developed and developing countries as Korea recently emerged as the 12th largest nation in terms of trade volume, after having been among the world's poorest.

He also presented as an advantage his career as a South Korean negotiator in a variety of bilateral and multilateral trade talks over the past 20 years.

Kim took part in the entire process ranging from presentation of ideas at the Uruguay Round multilateral trade talks in 1986 through completion of the talks in April last year to the launch of the WTO on Jan. 1 this year.

He also served as chairman of a negotiating group while talks were under way on the Uruguay Round.

Under the GATT system, advanced nations surely played a greater role in the world's trading system than developing countries, Kim said. "The new international trade system under the WTO will have to witness developing economies playing a greater role in the world economy."

The WTO embraces over 140 member countries compared with the GATT's 125 and most of the new members are developing countries, according to Kim.

Foreign Investment in Stock, Bonds Analyzed

SK1001075295 Seoul YONHAP in English 0737 GMT 10 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP)—Inflows of foreign stock investment funds between the stock market's opening in 1992 and the end of last year totaled 18,972 million U.S. dollars, of which 9,236 million dollars later flowed out of the country, leaving net inflows amounting to 9,736 million dollars.

The net inflows break down by year to 2,069 million dollars in 1992, 5,701 million dollars in 1993 and 1,966 million dollars last year, according to the Ministry of Finance and Economy.

Mounting tensions over the North Korean nuclear dispute were responsible for the sharp decrease in net inflows last year, though the upper limit on foreign investment was raised from 10 percent of a given firm's total capitalization to 12 percent late in the year.

With these funds, foreign investors purchased shares worth a total 6,768 billion won (8.4 billion dollars), representing 2.34 percent of the market's turnover.

Consequently, they had used up 9.2 percent of the 12-percent investment limit as of last year's end, with the entire limit on 125 issues of 107 firms having been exhausted out of the total 854 issues of 699 firms listed on the market.

The 12-percent limit meant that foreign investors could invest a maximum 15,887 billion won in the bourse last year, though they actually hit 9.2 percent, or invested 12,235 billion won. The unused limit of 2.8 percent amounted to 3,651 billion won.

Foreigners registering for stock investment in the Seoul bourse numbered 3,427 from 49 countries at the end of 1994, consisting of 1,316 individuals and 2,111 institutions.

By nationality, Americans topped the list with 1,265, followed by Britons with 566, Taiwanese with 397, Japanese with 293, Luxemburgians with 117, Canadians with 111, Hong Kong residents with 63 and others with 615.

Foreign investors favored machinery issues most, accounting for 25 percent of their total capitalization, and then chemicals with 13 percent and banks with 12.6 percent.

Foreigners registered for bond investment numbered 235 from 17 countries, who purchased convertible bonds totaling 36 billion won in the latter half of last year.

The bond market was opened to foreign investors in July.

Probe Ordered on Conditions for Alien Workers

SK1001061395 Seoul YONHAP in English 0530 GMT 10 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP)—Prime Minister Yi Hong-ku, ordering a thorough investigation into the working conditions of foreign workers in the country, is taking action to settle problems related to such workers.

He gave the order during a staff meeting at his office Tuesday in connection with a sit-in protest staged by some 20 Nepalese workers in Seoul's Myong-dong Cathedral Monday against inhumane treatment by their employers.

"As we are making strides toward realizing the vision of globalization, we cannot leave foreign workers suffering from mistreatment, and we must first look into the cause of the Nepalese workers' protest to solve their problems and then take measures to improve working conditions for foreign workers in general," Yi told the meeting.

Parties Agree on Extra Parliamentary Session

SK1001091295 Seoul YONHAP in English 0743 GMT 10 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP)—The ruling and opposition parties decided Tuesday to convene this year's first extraordinary session of the National Assembly in mid-February for three weeks with separate sessions slated for April and July.

The bipartisan agreement came at an unofficial contact between the two sides' floor leaders—Yi Han-tong of the ruling Democratic Liberal Party (DLP) and Sin Ki-ha of the opposition Democratic Party (DP).

Based on the agreement, National Assembly Speaker Hwang Nak-chu will make a final decision on the year's parliamentary schedule in a floor leaders' meeting at his assembly office Tuesday afternoon.

The projected parliamentary session in February will receive an administration report on major state affairs for 1995 and hear speeches from each negotiating body in the assembly.

The special session will also interpellate the government and deal with bills including the revision to the National Assembly law.

In the spring, the April house session will run for three weeks from April 10 and handle revision of the election law for official posts and question the administration. The July session is scheduled to start July 3 and last for three weeks.

The regular parliamentary session's 100-day run will start Sept. 11 and wind up Dec. 19.

DP's Leader Yi Reiterates Intention To Resign

SK1001070695 Seoul YONHAP in English 0618 GMT 10 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP)—Main opposition Democratic Party (DP) leader Yi Ki-taek declared Tuesday that given the party's current political climate in which "everyone places his greed above anything else, I'll take my hands off politics."

Yi reiterated his intention of resigning from the DP chairmanship in a prerecorded interview with KBS radio-1 broadcast Tuesday afternoon.

Yi has asserted that the DP should hold a party convention in February prior to the forthcoming local elections, and his request to meet former DP leader Kim Tae-chung to discuss the timing of the convention has so far been ignored by the latter.

Kim Tae-chung, chairman of the Peace Foundation for the Asia- Pacific Region, is reportedly opposed to an early party convention.

Yi told KBS radio: "The chairmanship of the main opposition party is an honorable post carrying heavy responsibilities. When one cannot fulfil the responsibilities bestowed on him, however, it is a righteous and moral act to the people that he should step down."

Yi's close associates said these statements don't signal his retirement from politics, but merely express his grievances against the party leadership.

Referring to his request for a meeting with Kim, Yi said: "My stance to meet and discuss with Chairman Kim national issues in general as well as party issues is natural as he is a political elder.

"Though he has retired from politics, it is a fact that the party has many members who have engaged in politics under Chairman Kim's leadership. Accordingly, he cannot but wield influence in the party."

Yi expressed his dissatisfaction with the current DP leaders by saying, "the present DP leadership that has changed since Chairman Kim retired from politics is one that can rarely be found in the world."

* Article Speculates on Kim Yong-sam's Successor

952C0015C Seoul WOLGAN CHOSON in Korean Oct 94 pp 106-109

[By reporter Kim Yon-kwang: "The Road to the Next Presidency: Seven Major Factors of Korea's Future Politics"]

[FBIS Translated Text]

- Pak Chan-chong: Can he have a big organization?
- Kim Tae-chung's choice: presidential candidacy or cabinet system?
- Kim Chong-pil: What about his chance of survival?
- The Chon Tu-hwan force: Where is it headed?
- North-South relations: a sudden break?
- Constitutional amendment for cabinet system: Is it possible?
- The Kim Yong-sam government: Will it prove to be successful?

Four Major Personal Factors

The result of a poll jointly conducted by WOLGAN CHOSON and Gallup Korea on potential candidates for the 1997 presidential race can be summed up in one sentence: It showed "an enormous leap forward of Pak Chan-chong and a slump of new leaders of the two major parties." Rep. Pak Chan-chong, chairman of the Sinmin Party, took an overwhelming first place in all of the survey's five categories.

Shown a list of nine politicians who are currently viewed in political quarters as potential candidates in the next presidential election—Kim Tae-chung, Kim chong-pil, Kim Yun-hwan, Yi Han-tong, Choe Hyong-u, Kim Tok-yong, Yi Ki-taek, Chong Tae-chol, and Pak Chan-chong—40.1% of the polled voted for Pak Chan-chong. He was followed by Kim Tae-chung, chairman of the Asia Pacific Foundation, at 21.2%, and Kim Chong-pil, chairman of the Democratic Liberal Party [DLP] at 11.2%.

Yi Ki-taek, chairman of the Democratic Party [DP], and Chong Tae-chol, DP adviser, each won 4.2% of the votes. The showings of the rest on the list were of negligible levels. Thus, the poll found, in effect, that in the DLP and DP there are no next-generation leaders with their grass-roots support bases, a finding forecasting that the two Kims, Kim Yong-sam and Kim Tae-chung, will inevitably be in control of future power dynamics in the DLP and DP respectively.

The biggest factor determining the outcome of a presidential race is the strength of each candidate. In this sense, the three persons with their so vividly confirmed bases of grass-roots support—Kim Tae-chung, Kim Chong-pil and Pak Chan-chong—constitute three major personal factors influencing the shaping of the 1997 race. If one more should be added, it is the Fifth and Sixth Republic forces led by former Presidents Chon Tu-hwan and No Tae-u.

Kim Tae-chung lost to Kim Yong-sam in the 1992 race by a margin that represented his defeat in the Yongnam region. The poll candidly reflected the sentiment of the Honam region voters for Kim Tae-chung. It found that their love for him has not changed at all. They even wish that he will take power under a cabinet system if he cannot take it under the current presidential system. The solider the Honam vote for him, the further he gets from the presidency. This is the realistic limitation and the cause of tragedy for Kim Tae-chung as a politician. It is not because of what he said about his "retirement", but because he has no chance of winning that he cannot return to politics. In politics, morality is only a means to varnish reality; when a politician has strength, morality comes by itself.

Attitudes of Kim Tae-chung, Kim Chong-pil

Kim Tae-chung must be wishing for a thunderstorm to rip through the country to neutralize the Honam vs. non-Honam front. Meanwhile, the Tonggyodong group [Kim Tae-chung faction in the DP] is extending its influence through its Naeoe Munje Yonguhoe [Domestic and Foreign Affairs Research Society] and, at the same time, embraced Rep. Chong Tae-chol, one of the non-mainstream leaders in the DP, in an all-out effort to pacify nonmainstreamers.

Rep. Kwon No-kap disclosed that "the Tonggyodong group will take the DP's reins and put in practice Mr Kim Tae-chung's policies and doctrine." All obstacles in the DP preventing Kim Tae-chung's return are being removed. Now, whether Kim Tae-chung will be a presidential candidate again or whether he will shift to seeking a cabinet system is a question to be decided by future change in the political situation around him.

Potential candidates in the DLP have to overcome the obstacle named Kim Chong-pil if they are to make a bid for the presidency in earnest. The same applies to the RDP [former Reunification Democratic Party] faction, the ruling faction in the DLP. It has to remove Kim Chong-pil one way or another if it is to gain full control of the party and have another president elected form the RDP faction.

The process of the DLP candidate nomination will likely be one of the two—artificial removal of Kim Chong-pil or competition among candidates including Kim Chong-pil. The key to Kim Chong-pil's survival is the subtlety of his political position. It is only a handful of votes that he controls; once they are cast, however, they are very likely to tip the balance of the grass-roots toward a DLP defeat.

Kang Sam-chae, head of the DLP planning and coordination office, says that "in the DLP, it is only party President Kim Yong-sam who is in the position to know what Chairman Kim Chong-pil's attitude will be." The RDP faction in the DLP, the ruling faction, can push out Kim Chong-pil artificially only when President Kim Yong-sam's performance proves to be successful enough to win the faction an overwhelming voter support.

The poll found the approval rating for President Kim Yong-sam at 43.9%. Thus, after a year and six months in office, he fell to an "average president" from a "great president." If Kim Chong-pil survives the 1995 gubernatorial and mayoral elections and the 1996 general election, his political weight is bound to gain increasingly with the passage of time. One may find it difficult to rule out the possibility of a change in the situation bringing him, a linchpin of factional solidarity and a bastion of the conservative force, a chance. It is because an unexpected change in North-South relations, e.g., a sudden collapse of North Korea or a provocation against the South, could push our society toward the conservative side.

Possibility of Solidarity Between Pak and Conservatives

The future of Pak Chan-chong, who received 40%-level votes in the poll, depends on whether he can have a large political organization. He is very positive regarding a merger with the DP and, at the same time, prepared to be a candidate in the Seoul mayoral election and the presidential election. Now, no one can think of a presidential race minus Pak Chan-chong.

In regard to the "anti-DLP, anti-DP sentiment" among voters in the Taegu-North Kyongsang region and the Taejon-Chungchong region, the poll found that Pak Chan-chong is considered an alternative. Respondents rejected the notion that "the central regions should produce a president to—among other things—lay the regional prejudice issue to rest."

There is a stronghold established in these regions from which a third party can emerge at any time, as Chong Chu-yong's National Party did in the last presidential election. The Fifth and Sixth Republic politicians are also among the political forces showing great interests in these regions. A new party of the Fifth and Six Republic forces seeking rehabilitation of their honor can make a move for solidarity with either of the two, the Pak Chan-chong's Sinmin Party or Kim Tae-chung. It, therefore, is likely to be a factor in the 1997 race.

The poll found that the political terrain for the presidential race is in favor of the DLP for now, with 34.9% of the respondents supporting the DLP, 20.6% the DP, and 7.2% Pak Chan-chong's Sinmin Party. These figures remained virtually unchanged from the time prior to the last presidential election.

However, the present political environment is likely to change rapidly because of a variety of factors, the biggest being a sudden break in North-South relations.

If the situation develops toward an early reunification, the whole society will possibly turn conservative, demanding a strong leadership capable of steering the reunification process; as a result, it is likely that qualifications for the next president will also change accordingly.

In respect to qualifications for the president, the poll found greater importance attached to "abilities to conduct state affairs and prepare for reunification" than to "reform and democracy factors." Along with Kim Chong-pil, Kim Tae-chung, who is untiringly showing his plans and making comments on reunification, will certainly move to capitalize on the opportunity should a sudden change come in North-South relations.

Three Major Environmental Factors

The second biggest environmental factor is a possible constitutional amendment for a shift to a cabinet system. The poll found support for a cabinet system at 40.2% and opposition at 34.3%. According to Kim Kwang-ung, professor of the Seoul National University graduate school of political science, the coming enforcement of local autonomy makes a shift to a cabinet system a necessity. For instance, he says, the existing cabinet ministers, bureaucratic as they are, cannot possibly be a match for the large-caliber politicians representing the 15 cities and provinces in dealing with frictions between the central and local governments and between regions. So, the emergence of politician ministers en masse could possibly herald a natural shift to a cabinet system, he observes.

A constitutional amendment for cabinet system depends on whether the public will see Kim Yong-sam as a successful president or a failed president. In this sense, the third environmental factor is President Kim Yong-sam's performance.

With a view to minimizing the decentralization of power resulting from the enforcement of local autonomy, the ruling camp established its strategy for the gubernatorial and mayoral elections focusing on preventing them from taking on the nature of a primary for the presidential election and on depoliticizing them. However, as systems are separated and power divided between the central and local governments following the elections and frictions intensify, President Kim's influence over national government and political developments will have to face some source-level limitations. DLP and opposition legislators agreed that a drain on President Kim's power will rise to a serious level if an opposition candidate is elected Seoul mayor.

The outcome of the 1966 general election will clearly indicate both aspects of President Kim's ability to control political developments, positive and negative. If he succeeds in a shake-up in the general election, he will be able to go full throttle for a second RDP-faction regime. However, if the DLP should fall to a minority, he will have to find himself in a fix, grabbed by the throat and dragged about by one faction or another, the sort of situation President No Tae-u was in once. Some observers say that a unique breakthrough that can be expected of President Kim in such a situation is a shift to a cabinet system.

However, if a move for a constitutional amendment for a cabinet system is to succeed, there must be a political accord reached between Kim Yong-sam and Kim Tae-chung on it. Also, it can be pushed only when the regime's leadership is strong. Moreover, under the single-term presidential system, the incumbent is more interested in how he will be recorded in history than in paving the way for a successor regime from his faction. Considering these points, the opinion that the time is too late for such a move is persuasive to some degrees.

It is likely that the 1997 presidential election will be held at a time when the destiny of the nation is in a critical juncture on the way to reunification. At a time when the nation's politics should be strengthening its centripetal force, it is moving in a direction of adding to its centrifugal force. The gubernatorial and mayoral elections can provide an opportunity to create a new centripetal force; however, if the elections should go in a wrong direction, or if the period of adjustment between the central and local governments for coordinating their functions and authority should become prolonged, there is a great danger of our national strength suffering serious damage.

Opinion analysts are unanimous in their view that the 1996 general election and the 1997 general election, as well as the 1995 gubernatorial and mayoral elections, will take on the features of an interregional contest.

The opposition DLP is tumultuous with announcements of its leading legislators making their bids for the presidency, party posts and Seoul mayoralty. The ruling and opposition parties should—before they lose their reason and get caught up in the election fever—discuss in earnest measures to prevent the elections from turning into feuds that dissipate national energy. The voter, too, should begin a soul-searching on how much longer "the grandpa's home town" should tolerate the electoral practices in which the election dominates everything else.

Burma

Indonesian Agriculture Minister Arrives 9 Jan

BK1001034395 Rangoon Radio Myanmar in Burmese 1330 GMT 9 Jan 95

[FBIS Translated Text] A delegation led by Indonesian Agriculture Minister Dr. Syarifudin Baharsyah and his wife arrived in Yangon [Rangoon] by air at 1300 this afternoon at the invitation of Agriculture Minister Lieutenant General Myint Aung. They were welcomed at Yangon International Airport by Deputy Agriculture Minister U Tin Hlaing and responsible personnel.

Accompanied by the Indonesian ambassador and the deputy agriculture minister, the visiting minister and his entourage called on Brigadier General Maung Maung, minister of livestock breeding and fisheries, at 1445. Later, at 1545, they called on Agriculture Minister Lt. Gen. Myint Aung at his office on Thirimingalar Lane, Kabaaye Pagoda Road, Yangon. During the meeting, they held cordial and frank talks on bilateral goodwill relations, bilateral technical cooperation, and agriculture trading matters. Agriculture Minister Lt. Gen. Myint Aung hosted a dinner in honor of the distinguished guests at the Mya Yeik Nyo Royal Hotel in the evening.

Karen Army Overruns Buddhist Rebel Stronghold

BK0801101695 Bangkok THE SUNDAY NATION in English 8 Jan 95 p A2

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Ethnic Karen guerrillas on Thursday evening overran a Buddhist temple where a group of Karen Buddhist mutineers had established a stronghold, seizing a large stock of arms and ammunition.

The Karen National Union (KNU) captured Wat Sop Moei on the confluence of the Moei and Salween rivers after a few days of heavy mortar shelling and ground attacks to quell and dislodge the dissidents who had failed to surrender after the Dec 1 deadline. Informed border sources said 41 mutineers gave themselves up after the fall of their stronghold but a number managed to escape at the advance of the KNU forces.

The capture of the temple, however, did not mean that the hostility has ended, according to the sources. The KNU, in a statement on the fighting situation, said it was still assessing casualties.

One informed source said the KNU was able to lob a mortar shell directly into the mutineers' arms depot, causing a large explosion which was believed to have resulted in several casualties.

The KNU, in press statement released last Sunday, stated that it would take "effective action" against the mutineers, who defected and formed a rival Democratic Kayin (Karen) Buddhist Association on Dec 21, if they failed to surrender by Dec 31 .

"The KNU is determined to take effective action against those who foster factionalism and collaboration with the enemy (Burmese junta) by using false excuses relating to religion," the statement said:

About 250-300 KNU Buddhist rank and file members had charged that the Karen leadership, dominated by Christians, discriminated against them in considering administrative promotions. They also accused the KNU leaders of restricting Buddhist religious activities. Buddists form a 70-per cent majority of the KNU's organization members.

The simmering religious resentment erupted into an open conflict and two separate armed clashes after the KNU expelled a Buddhist abbot, U Thuzana, from Wat Sop Moei, on charges that he was a spy for the Burmese junta, the State Law and Order Restoration Council (Slorc). A KNU officer argued that U Thuzana decided to leave the temple on his own will and that the KNU had a document written by the clergyman to prove it.

Informed border sources said the Democratic Alliance of Burma, an umbrella organization of a dozen ethnic and prodemocracy Burmese groups, was trying to intervene to bring a quick end to the religious conflict.

Brunei, Malaysia & Singapore

Malaysia

Minister Discloses Value of Trade With China

BK1001050095 Kuala Lumpur BERITA HARIAN in Malay 10 Jan 95 p 18

[FBIS Translated Excerpt] In the first nine months of last year Sino-Malaysian trade rose 51 percent to RM [Malaysian ringgit] 6.48 billion compared to RM 4.29 billion in the same period in 1993. Malaysia's exports to China grew 69.4 percent during the period. The export value was RM 3.86 billion compared to RM 2.28 billion during the previous corresponding period.

Chua Jui Meng, deputy minister of international trade and industry, said although the figure showed an encouraging increase Malaysian investors should continue to seize trade opportunities in China following the rapid economic development in the republic since it started to implement the policy of an open economy.

Chua said that Malaysian investors' experience in operating in an open economy atmosphere would make them feel confident and comfortable entering the Chinese market.

"The current economic development in China is encouraging; it is paving the way for a new phase of economic cooperation and integration among Asian countries, in addition to providing them with opportunities for profitable trade and expansion," he said

Chua witnessed the signing of an agreement between Asian Strategy & Leadership Institute and 11 local companies for the sponsorhip of the Malaysia-China business forum in Petaling Jaya yesterday. The local companies include, among others, Benta Plantation Bhd [limited], Berjaya Group, Gadek (Malaysia) Bhd, The Lion Group, and YTL Corporation Bhd.

The forum, known as "Malaysia and China in the 21st Century: Prosperity Through Cooperation", will be held for two days, beginning 23 January, to be opened by Prime Minister Datuk Sri Dr. Mahathir Mohamed. [passage omitted]

* Minister Outlines Expanded Role of Navy

95SE0061B Kuala Lumpur UTUSAN MALAYSIA in Malay 8 Nov 94 p 13

[Article by Rozaid Abdul Rahman]

[FBIS Translated Text] Penang, 7 November—Minister of Defense Najib Tun Razak has stated that the growth of the Navy in a given country should not be considered a negative development by neighboring countries. This is because the role of a Navy today is no longer limited to controlling the security of national territorial waters. Najib declared that a crisis situation could develop if a country considers the growth of another country in a negative way.

He said that history proves that "the perception of a threat" not only damages relations with another country but also creates suspicions between the two countries concerned. For that reason he thought that every country should try to avoid viewing or considering any addition to a neighbor's power as a potential threat, because this will only lead to mistaken decisions which cannot be avoided.

Najib gave as an example the modernization of the Chinese Navy. He said that this should not be considered in isolation. Indeed, he regarded this development as part of the modernization process which in fact should not be a matter of concern.

Najib said: "Our relations with China, for example, have become increasingly good recently, including contacts and cooperation in the military field."

He made this statement in Penang on 7 November in his prepared address at the Four-Power Western Pacific Navy Symposium. This is the first time that Malaysia has been the host of this international symposium.

In his speech, Najib said among other things that he was glad to participate in a discussion on the development of the Navy since the end of the Cold War, including present concepts of the Navy and its role in controlling the territorial waters of a country. Najib said that if you look at this matter from a more positive point of view, the role of a country's navy since the end of the Cold War has gradually changed. He said that the Navy's role is changing in this direction because the sea is no longer regarded as a country's defensive barrier but rather as a rich source of economic and natural wealth.

He said: "Apart from being a weapon for waging war and serving a country's interests, I believe that the role of the Navy at present has gone beyond the limits of defense and protecting national sovereignty."

He stated: "The Navy has now become part of the economic development of a country. It now needs to be integrated into and to become a part of national development."

The minister of defense added that in many cases the Navy is available as a catalyst for a country. He said that this was because many countries depend on the natural wealth found in the sea as a national asset. If these assets need to be protected, the result is that the role of the Navy as a "guardian" of the treasure of a developing country has recently become more important.

Singapore

Goh Chok Tong Receives South African Minister

BK1001020995 Singapore Radio One in English 1100 GMT 9 Jan 95

[FBIS Transcribed Text] South Africa's defense minister, Joe Modise, is in Singapore for an official visit, the first from that country. This afternoon he called on Prime Minister Goh Chok Tong at the Istana [palace] after talks with his Singapore counterpart, Dr. Lee Boon Yang. Mindef [Ministry of Defense] says Mr. Modise's visit will pave the way for closer defense ties and technology cooperation between both countries.

Cambodia

Government Not To Extend Amnesty for Rebels

BK1001073995 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 10 Jan 95

[FBIS Translated Text] The 6-month amnesty that the Royal Government of Cambodia [RGC] has given to the Khmer Rouge rebels is running out. Although there have been mass desertions by Khmer Rouge rebels, His Excellency [H.E.] Ieng Muli, minister of Information, said that the RGC has no plans to extend the grace period which will expire this Sunday [15 January].

H.E. Ieng Muli said: When the amnesty period expires, the Khmer Rouge rebels and their networks will be treated according to law. The sentence will be up to 30 years of imprisonment for rebellious activities and incitement to arms. H.E. Ieng Muli said he believed that the mass desertions to the government's side by the Khmer Rouge rebels showed that the Khmer Rouge no longer trusted each other.

Chea Sim Marks Anniversary of Khmer Rouge Defeat

BK0801133595 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 7 Jan 95

[Speech by Cambodian People's Party Chairman Chea Sim to mark the 16th anniversary of the defeat of the Khmer Rouge regime in Phnom Penh on 7 January—recorded; poor reception precludes fuller processing]

[FBIS Summary] Today we meet "to mark the 16th anniversary of the 7 January 1979 victory" at a time when the national situation has developed in a positive way within the framework of our Constitution and under the cool shade of our sacred king. We are in the process of achieving national unification and unity, preventing the return of the genocidal regime, restructuring diverse institutions, rehabilitating and redeveloping the country, improving the people's living standards, and settling various national and social problems.

Availing ourselves of this opportunity, we would like "to welcome the return home of their majesties the king and queen" and wish them the best of health and zealous physical strength. "On behalf of the Cambodian People's Party [CPP]," I would like to welcome and thank all the guests and CPP members who have honored this solemn event with their presence.

On 7 January 1979, the genocidal regime was put to a definite end and the People's Republic of Kampuchea—later the State of Cambodia—was brought into existence. "The State of Cambodia fulfilled its historic tasks of defending the nation's survival against the genocidal regime's attempt to return as well as developing the country."

On this glorious occasion, we can still remember enduring all manner of difficulties and torture inflicted by the genocidal regime. At that time, "the CPP rose up to lead the people under the banner of the Kampuchean United Front for National Construction and Defense and with the support of friendly countries to topple the genocidal regime headed by Pol Pot, Ieng Sary, and Khieu Samphan, thus liberating our nation and people" from the barbarous and cruel regime. Taking this opportunity, the CPP wishes to pay tribute to "the souls of the millions of Cambodian people who were killed pitilessly under the genocidal regime." We also wish pay homage to "the souls of the people and friends who sacrificed their lives for the victory of 7 January 1979."

The Khmer Rouge group is continuing to commit criminal acts against our people in the cruelest manner, and "some politicians have strived to destroy the country as well." The CPP wishes to declare its support for the bill outlawing the Khmer Rouge, which will become effective on 15 January 1995. "This move clearly reflects the resolute determination of our people to prevent the reimposition of the genocidal regime upon our motherland of Angkor at all costs."

"The CPP wishes to call on all officers, soldiers, and people living with the Khmer Rouge to heed the appeal issued by the Royal Government of Cambodia [RGC] and return to the national community to join hands to restore and redevelop the country in compliance with the advice of His Majesty King Norodom Sihanouk Varaman." Various political parties, the government, and the National Assembly "have jointly strived to build a correctly democratic and happily prosperous society where human rights are scrupulously respected." The political parties have cooperated well while "the CPP has done everything possible to create favorable conditions for the restoration and redevelopment of the country."

The RGC has proceeded harmoniously and smoothly. Administrative and military reforms are being undertaken actively. "The RGC is determined to accelerate the economic momentum to provide greater encouragement and optimism for the development of the motherland and for the process of gradually stabilizing the people's living conditions." In addition, we have actively built the foundations of every sector with a view to making the Kingdom of Cambodia a state endowed with adequate and valid laws that are scrupulously respected by all. "The CPP highly values and strongly supports the efforts of the RGC to bring about brilliant achievements for the motherland and people."

Through these successes, it can be seen that the Cambodian situation is significantly evolving. Therefore, "it is imperative that our CPP strive to maintain those gains and oppose any attempt to reverse the situation." Actually, the nation still faces a great many difficulties and obstacles. The RGC, all political forces, and the entire people must promote unity and mutual understanding and exert further efforts to overcome them successfully.

The attempt by the outlaw Khmer Rouge rebels and some opportunists to hamper the people's interests could pose a serious danger to the nation if we are reckless. I would like to call on all CPP members and people from all walks of life to devote their physical and spiritual strength to implementing the CPP's political program and unite within the framework of the great national union for the cause of our beloved nation and people. "The CPP always remains committed to maintaining its objective and its high conviction of sharing weal and woe with the people under all circumstances." The party will continue to uphold the spirit of 7 January and, as before, do whatever it can to defend the nation's social gains and consolidate and expand the RGC's achievements so far.

The CPP wishes to declare solemnly "its firm determination to protect and respect rigorously the Constitution but categorically oppose all the activities that aim to destroy the Constitution under any guise." The CPP will continue to implement democracy, respect human rights, elevate women's rights, pay attention to the future and employment of youths, abide by the law, prevent all kinds of corrupt practices, and participate in maintaining law and order so as to develop the country in all fields. The CPP will cooperate with all political parties—chiefly the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party headed by Prince Krompreah Norodom Ranariddh—to continue these noble tasks in accordance with the spirit of the Constitution and the RGC's political program.

On this great occasion, the CPP wishes to express gratitude to all the governments, international organizations, and nongovernmental organizations that have taken part in restoring peace and democracy and creating favorable conditions for the development of Cambodia. The CPP also wishes to appeal to the international community to continue its multifarious support and assistance to the Cambodian people, who are in the process of rehabilitating and redeveloping their country.

On behalf of the CPP and in my own name, I would like to extend my best new year's wishes to you all. May you enjoy the five blessings of Lord Buddha!

KR Commentary Calls Ranariddh Vietnamese 'Dog'

BK0801090995 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 7 Jan 95

[Unattributed commentary]

[FBIS Translated Text] Several significant political events have taken place in Cambodia since the birth of the two-headed government. These include Ranariddh turning himself into Chey Chettha III and betraying the nation, just like the traitors Hun Sen, Chea Sim, Sar Kheng, and their cronies. Ranariddh has agreed to destroy his own policy and his own FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party in a blatant manner. He has also agreed to become the dog of the puppets who are the out-and-out lackeys of communist Vietnam. The masses and the people see how Ranariddh is inevitably diving into the abyss of treason in broad daylight.

It has been asked why Ranariddh would betray the nation, the people, and his own FUNCINPEC party. It is because Ranariddh, like King Chey Chettha II, wants to become king of the communist Vietnamese puppets or prime minister of the traitorous two-headed government along with the puppet Hun Sen so that he can have the opportunity to sell out the nation, rob the people, liquidate FUNCINPEC, and amass everything to make himself a tycoon over the great suffering and misery of the nation and people.

As a traitor, Ranariddh acts servilely at the beck and call of the communist Vietnamese puppets and the alliance. As a matter of fact, he is continuing to fuel the flames of the communist Vietnamese war of aggression to kill the nation and people and oppose the king's policy of national reconciliation and peace. He has allowed millions of Vietnamese to stream into Cambodia; forged an immigration law to legalize the status of the 4 million Vietnamese in Cambodia; and framed a fascist law to oppose the national resistance forces and oppose and massacre innocent people, journalists, and politicians who refuse to act at communist Vietnam's behest.

Le Duc Anh, Do Muoi, and Vo Van Kiet are very pleased with Ranariddh becoming the out-and-out dog of communist Vietnam. It is reported that the communist Vietnamese leaders have summoned Ranariddh to Hanoi so they can endorse him as King Chey Chettha III. Everything has already been recorded in history.

Indonesia

Tripartite Talks on East Timor Held in Geneva

Alatas on Dialogue Channel

BK1001013195 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 10 Jan 95

[FBIS Translated Text] Indonesia wants the tripartite meeting to remain as the single dialogue channel for finding a solution to the East Timor issue.

Foreign Minister Ali Alatas said this before his tripartite meeting with Portuguese Foreign Minister Durao Barroso and UN Secretary General Butrus-Butrus Ghali in Geneva yesterday.

Responding to journalists, Ali Alatas said that even though the tripartite meeting has become one means of finding a solution to the East Timor issue, Indonesia also supports the UN secretary general's proposal to make the dialogue as broad as possible so as to include all parties in East Timor. This is possible as long as it is carried out in a spirit of reconciliation, on an informal dialogue basis and without discussing the status of East Timor, which is political in nature.

Progress Reported; Next Round in May

BK1001111695 Jakarta ANTARA in Indonesian 0852 GMT 10 Jan 95

[FBIS Translated Text] Geneva, 10 Jan (ANTARA)—There has been progress in the tripartite meeting on the East Timor issue among UN Secretary General Butrus-Butrus Ghali, Indonesian Foreign Minister Ali Alatas, and Portuguese Foreign Minister Durao Barroso although the substantive matter has not been touched.

Therese Gastaut, secretary to the UN secretary general, said that the sixth tripartite meeting will be held in New York on 19 May 1995.

After a luncheon at Hotel La Reserve in downtown Geneva, the UN secretary general and the Indonesian and Portuguese foreign ministers did not immediately return to the UN office but instead continued their meeting the hotel.

In an eight-point joint communique issued at the end of the fifth tripartite meeting, the two foreign ministers positively accepted the UN secretary general's offer to become a "facilitator" [preceding word in English] for a comprehensive dialogue among East Timor parties which have different views.

The dialogue will be used as a vehicle for a free and informal exchange of views which will hopefully have a positive impact on the situation in East Timor and will in turn create a situation conducive to the settlement of the East Timor issue. However, the dialogue will not touch on East Timor's political status and will not be a new "channel" outside tripartite talks between the Indonesian and Portuguese foreign ministers under the auspices of the UN secretary general.

In the joint communique, the UN secretary general expressed the hope that all East Timor parties will refrain from acts which could have a negative impact on efforts to create a useful atmosphere for an intra-East Timor dialogue.

The UN secretary general also asked the two governments to cooperate in promoting his initiative for an intra-East Timor dialogue and encouraging East Timor parties to respond to the initiative.

In the communique, the ministers agreed to consider proposals to enable the next meeting to touch on the substantive matter to pave the way for a just, comprehensive, and internationally acceptable solution to the East Timor issue.

The fifth tripartite meeting under the auspices of the UN secretary general has drawn great attention from Indonesian print and electronic media circles and has been covered by dozens of Portuguese journalists.

Unlike in the previous meetings, there have been no visible activities by anti-integration activists around the conference hall in the fifth meeting. However, several Fretilin [Revolutionary Front for an Independent East Timor] members, including Jose Luis Gutteres, chairman of the Fretilin Foreign Relations Committee, have been around the conference hall.

Armed Forces Warn East Timor Demonstrators

BK1001020295 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 10 Jan 95

[FBIS Translated Text] Colonel Kiki Syahnakri, Commandant of the Wiradharma 164th Resort Military Command, met East Timor University rector and students in Dili yesterday. Following the meeting he told journalists that the Indonesian Armed Forces would take stern action against troublemakers who tried to disturb the national stability.

A group of youths and students staged a demonstration at about 0900 West Indonesia Time [0200 GMT] outside the university premises in Dili yesterday. Security forces managed to disperse the demonstrators and arrested 24 perpetrators.

According to Col. Kiki Syahnakri, the identities of those arrested are not yet known; they are all either students or unemployed youths who were used by the East Timor anti-integration group. He stressed that if the demonstrators were proven guilty, they would be punished according to the existing law.

Police Col. Andrias Sigianto, chief of East Timor District Police, said that four foreign tourists had been asked to leave the province yesterday for abusing their tourist visas by carrying out journalistic activities.

Alatas Welcomes Plan for EU-Asian Summit

BK0701125095 Bangkok BANGKOK POST in English 7 Jan 95 p 2

[FBIS Transcribed Text] Jakarta—Indonesian Foreign Minister Ali Alatas yesterday welcomed a plan to hold a meeting between Asian and European Union [EU] leaders to strengthen inter-continental ties. However, he called for more consultation among members of the Association of Southeast Asian Nations.

The principle is a good idea which should be supported by all ASEAN members, but the grouping needs further discussion on detail including a timetable which remains unclear, Mr Alatas said after emerging from talks with Foreign Minister Thaksin Chinnawat.

Mr Thaksin ended a two-nation visit to Singapore and Indonesia yesterday when he also met with Indonesian President Suharto.

Mr Thaksin confirmed all ASEAN countries had agreed in principle to the meeting but some members still have reservations.

The minister conceded Thailand was unable to hold the meeting right after the ASEAN summit because the EU is scheduled to hold its own meeting and participants in the Asia-EU leadership meeting were not finalised.

The ASEAN summit is scheduled for December 14-15 in Thailand.

Singapore will approach Asian countries to take part in the meeting, he said.

The proposed meeting plans to gather government leaders of all ASEAN and EU countries as well as those from China, Japan and South Korea.

Mr Thaksin proposed to his Indonesian counterpart to sign an agreement on double taxation and trade and investment promotion between the two countries.

Indonesia called on Thailand to seal an investment promotion deal between the two countries, Mr Thaksin quoted the Indonesian minister as saying, adding Thailand wanted to see a similar deal signed between Indonesia and Malaysia.

Minister Outlines Agenda for Entry Into New Era

BK0901104795 Jakarta REPUBLIKA in Indonesian 9 Jan 95 p 16

[FBIS Translated Text] Jakarta—Ginanjar Kartasasmita, minister of state for national development planning and chairman of the national planning development board, said Indonesia has three points in its national development program that should not be eliminated when the country enters the globalization era.

They are:

First, to develop small-scale industries, to eradicate poverty, and to support the development of backward areas.

Second, to improve the quality of manpower resources and to acquire science and technological expertise.

Third, to develop national culture and to strengthen national resilience.

Speaking before the Indonesian Muslim Intellectuals Association's fourth National Working Forum in Jakarta on Saturday, Ginanjar explained the three points of the national development program to the forum's participants. He said the people's economic status should improve as the country enters the globalization era.

Ginanjar said small scale businessmen will be left behind if they remain weak and are not prepared for the event. If the national economy continues to be heavily protected at the same time, the people's economic strata will remain very low, he added.

In the globalization era, several trade procedures will be made more open and liberal.

"Therefore, we have to stabilize the people's economic strata to the position of a strong lower middle class," he said. "If things are otherwise, economic disparity will continue to widen."

Ginanjar said the social disparity experienced in some countries was not caused by primordial [preceding word in English] factors such as religion and ethnic identity. "Instead, it was economic disparity," he reiterated.

Ginanjar said the threat will become more serious if most of the people fail to be in the main stream of the globalization era.

As far as Ginanjar is concerned human resources, science, and technology are sources that determine competitiveness. "If globalization is considered a competition, then what we are competing for are the quality of human resources and the science and technological expertise," he said. High priority should be given to these two factors in developing the nation.

Ginanjar is of the opinion that a nation will be able to control the productivity sector when it has sufficient qualified human resources and acquired scientific and technological expertise. The industrial sector will then grow upon a strong foundation. With this, various high quality products can be manufactured.

However, he reminded, the production sector should be accompanied with the ability to dominate the market. It is hoped that by end of the Second 25-Year Long-Term Development Master Plan, Indonesia will not only become an industrially strong nation, but also a strong trading nation.

According to Ginanjar, under the globalization era, Indonesia obviously will not be able to prevent racial and cultural interactions with foreigners. These interactions will bring both positive and negative effects to the nation. On the positive side, it will enrich the national culture and will support modernization. It also will focus on reforms and encourage more progressive ways of thinking.

The negative effects will occur when the Indonesian nation is not prepared for the globalization era or foreign culture is opposed to the local culture. "The globalization era is a period that is full of trials which we must face," he added. Accordingly, economic behavior must be based on the nation's own culture.

* Habibie on Appointment of Natuna Contractors

95SE0053C Jakarta BISNIS INDONESIA in Indonesian 22 Nov 94 p 1

[FBIS Translated Text] Jakarta (BISNIS)—The government guarantees that there will be no direct appointment of domestic companies involved in the $35.5 billion Natuna project and urges domestic industrial companies to consolidate in order to absorb as much work as possible from the project.

B.J. Habibie, minister of state for research and technology/chairman of the BPPT [Agency for the Study and Application of Technology], said that although the basic agreement on the Natuna gas project—which is to be signed by Exxon and PERTAMINA [National Oil and Natural Gas Company] in January 1995—contains provisions giving priority to domestic industry, all of the work will be openly offered for bids.

"Because the project must be completed on time, if domestic companies are not able, we will look to international companies. We are not going to play at making appointments. That would be the same as 'hara-kiri,' because it would result in uncompetitive gas prices," he said yesterday in Jakarta after installing several BPIS [Strategic Industry Management Board] and BPPT officials.

Habibie said that domestic companies must consolidate their forces to absorb as much work as possible from the giant project. Such consolidation would consist of efforts to improve business productivity and efficiency. The basic agreement on the Natuna project gives the most extensive opportunity possible for participation by domestic industry. Nonetheless, all work will be offered for bids in order to meet the required international standards.

"We must be good at seizing opportunities. Since the project has to be completed on time, if it turns out that we are not able to absorb all the $35.5 billion project, we will be forced to give some of it to other countries. To prevent that, domestic industry and all economic forces must join hands."

Habibie said there are three stages in the development of the Natuna project. First, engineering will last for two or three years after the signing of the agreement. At this stage, most concentration will be on using "brain systems" and "software" to plan platforms, physical infrastructure, and transport equipment.

Second, the results of that engineering will become terms of reference for issuing invitations for bids to bring the engineering to realization.

The third stage will be physical construction, including platforms, physical facilities, and defense and security systems. At this third stage, Habibie continued, domestic companies must be active in seizing opportunities. The system of direct appointment will be avoided in this project.

According to Habibie, anyone who wants to work on the Natuna project must have permission from the Indonesian Government. If he wants to bring in foreign workers, he must be able to prove that the workers are not available in Indonesia.

As for the participation of Strategic Industry BUMN's [state-owned businesses] (BUMNIS) in the project, PT [Limited Company] PAL [Naval Shipyard] has established cooperation with Amec Ltd. for construction of platforms. In addition, PT Krakatau Steel is being readied to supply all steel needs for the project.

According to plans, construction of the 18 platforms at Natuna will require at least 900,000 tons of steel. Six of the platforms will need 65,000 tons of steel. Ten units will need 45,000 tons, and two units less than 40,000 tons.

"All of these steel needs are naturally for number one steel from PT Krakatau Steel. However, it must be ready to compete with private companies such as Bechtel, Fluor, or Bimantara. The same is true of PT PAL. The fact that it is under my leadership does not mean it will necessarily win the bidding," Habibie said.

Sutoro Mangunsuwargo, principal director of PT Krakatau Steel, said his company can produce the special steel that meets U.S. standards (API [American Petroleum Institute]) for gas exploration, namely steel of API grade 65. "We are still awaiting the desired specifications for the project. Our competition is primarily imports," he said after the ceremony.

* Editorial Evaluates Stock Market as 'Stable'

95SE0053A Jakarta BISNIS INDONESIA in Indonesian 21 Nov 94 p 4

[Editorial: "Indonesian Capital Market Stable as New Year Approaches"]

[FBIS Translated Text] The Federal Reserve's decision to raise the interbank rate by 0.75 percent, to 5.5 percent, and the "call money" rate by the same amount, to 4.75 percent, was anticipated and therefore did not cause any significant shock on Asian exchanges, including Indonesia's. A little time is needed, however, for restoration of the BEJ [Jakarta Stock Exchange] index, because domestic banks will slightly adjust interest rates in response to the Fed's decision.

The IHSG [combined share price index] had a technical reaction but did not give the impression of shock. In fact, on the first day after the APEC [Asia-Pacific Economic Cooperation] break, the BEJ had a positive reaction to the Fed's rate hike. On Friday, 11 November, the IHSG maintained 513.379 and by last Wednesday [16 November] it rose 0.759 points, driven by increases in banking, financial, manufacturing, and Indosat stocks. The increased price of Indosat shares was motivated by price adjustments in New York, where there was a 0.25-point increase, to $38.25 per ADS [expansion unknown].

Increases in banking stocks were caused by better financial performance in the third quarter of 1994 by banking and financial stock issuers, and by the large number of issuers projecting profits for 1994. Meanwhile, several agroindustrial stocks also improved in financial performance in the third quarter because of the early rains that brought savings in operational costs.

Meanwhile, the drop in the stock of Suparma, a new issuer on the secondary exchange, signaled that investors are very selective toward IPO's [initial public offerings]. Not all new stocks showed gains. Unlike Indosat and Daria Varia, Suparma stocks had immediate losses, causing initial investors to panic. The stock's price fell drastically from its initial price of 3,500 rupiah to 2,650 rupiah on the first day. Massive buying by the underwriter (DBS Securities) jacked up the price again to 3,100 rupiah by the end of trading Friday, 18 November, thus stopping loss-cutting actions by initial investors. In trading last Wednesday, however, the transaction volume on the regular board was quite large, with 797,000 shares worth 2.254 billion rupiah.

A new stock that failed to provide big gains was that of Pudjiadi Prestige, which went on the secondary board at the end of last week. Its initial price was 3,500 rupiah per unit, but trading closed at 3,525 rupiah. The market last week apparently was not supportive of newly listed stocks.

Will this situation last long? The stagnant situation is expected to end by the close of this week if banks make adjustments and foreign investors come back to Indonesia. As 1995 approaches, there are several possibilities for micro expansion in Indonesia, especially because of announcements of financial performance by issuers. Most issuers are expected to announce excellent third quarter financial performance, which is expected to motivate the market.

Market motivation is also determined by the rate of inflation. If inflation can be kept to a single digit, investors will be confident in making stock investments. Therefore, as Christmas and New Year's Day approach, the government is strongly expected to conduct market operations, particularly in Indonesia's big cities.

Investors will focus their main attention on other macroeconomic indicators, such as Indonesia's economic growth. Economic growth by the end of 1994 is expected to reach about 7 percent. If Indonesian annual economic growth is forced to exceed 7.5 percent, the increase will induce circular inflation and heat up the economic machinery. Therefore, investors are actually not very happy with overly ambitious deregulation actions.

The political situation—although marked by secondary outbursts from nongovernmental groups and by demonstrations by East Timor students in Jakarta—remains stable at the end of 1994. No destabilizing sociopolitical changes are expected in 1995.

Overall, there are factors, both macro and micro, that could have significant influence on the capital market in Indonesia. Nevertheless, openness by all players in the capital market, from monetary authorities to stock issuers, will make a valuable contribution to development of Indonesia's capital market.

* Government Urged To Begin Reducing Protection

95SE0053B Jakarta BISNIS INDONESIA in Indonesian 22 Nov 94 p 1

[FBIS Translated Text] Jakarta (BISNIS)—The Chamber of Commerce and Industry [KADIN] recommends that the government immediately set a schedule extending to the year 2020 for phased reduction of protection, in accordance with the APEC [Asia-Pacific Economic Cooperation] agreement to create free trade in the Asia-Pacific region by that deadline.

KADIN General Chairman Aburizal Bakrie said yesterday that such a step would be part of the deregulation greatly needed for the creation of a more efficient economy.

"KADIN hopes the government will introduce a program with a 'baseline' of protection reduction in the domestic manufacturing sector, with a concrete year-to-year agenda until 2020," he said at a press conference for comment on the APEC agreement embodied in the Bogor Declaration.

Aburizal also asked that in the drafting of its protection reduction program the government include industry through meetings between the government and KADIN and business associations, remembering that they are the economic players who will compete directly in a free market. He said he hopes such meetings will produce concrete actions, including formation of permanent committees on reducing manufacturing industry protection, based on sectors and subsectors of the respective industries.

According to KADIN, such steps to reduce protection will be a part of the deregulation the government must conduct to prepare for free trade in the Asia-Pacific. Other needed steps are as follows:

- Proceed with economic deregulation in the form of reducing tariff and nontariff barriers, eliminating trade procedures that cause economic distortion, and eliminating price setting on essential goods and services that are not scarce in the marketplace.

Seek to speed up investment and activities to protect investment in the infrastructure sector, which encompasses telecommunications, electricity, drinking water, highways, toll roads, ports and airports, and computerized technological information facilities.

Seek broad expansion of the services business to strengthen the basis of competitiveness of Indonesian goods and services.

"If efforts to improve efficiency are not begun now, there will be problems when the time comes," he said.

The KADIN chairman noted, however, that free trade does not mean that there can be no government intervention. The government has a role in creating a business climate conducive to improving efficiency and opening business opportunities in all lines of business, manufacturing, services, and capital flow, he explained.

He said he believes that the consequence of the meeting of economic leaders of APEC countries, which produced the Bogor Declaration, is that the business community must be prepared to wrestle in a free market by 2020.

Besides appealing to the government, the KADIN chairman also cautioned the Indonesian capital market to develop a more efficient, liquid, transparent, and competitive exchange than those in other Asia-Pacific countries.

* Economists Seek Immediate Trade Liberalization

95SE0054C Jakarta MERDEKA in Indonesian 21 Nov 94 pp 1, 12

[FBIS Translated Text] Jakarta, 20 Nov (MERDEKA)—As the free market of 2020 approaches, the government needs to specify with certainty the industries that will be developed as mainstays. Such liberalization should then first be applied nationally so that the business community will be very ready to face liberalization.

"The prioritizing of sectors that will be mainstays must begin now. If developments remain as they have been so far no one has any clear prospects," Kwik Gian Gie, chairman of the Board of Directors of the IBI (Indonesian Business Institute), told MERDEKA yesterday in Jakarta.

Meanwhile, Drs. Christianto Wibisono, director of the PDBI (Indonesian Business Data Center), recommended that the decision to liberalize markets by 2020, as incorporated in the Bogor Declaration, begin to be implemented nationally in Indonesia.

"This is very important to healthy, free domestic competition in the national business community. We will see what the developments are in a specified period of time. If they are positive, these steps can be continued. If they are not perfect, corrections can be made. Business must be encouraged to compete in a free and healthy way," Christianto stressed.

Kwik said that so far he has not seen any business sectors that can be expected to be mainstays as 2020 approaches. He mentioned industries, such as textiles and plywood, that are now being developed. "None of those can be counted on in the long term," he said.

Kwik recommended that the government return to dependency on agroindustrial sectors, including the fishing industry, through genetic and biological development. Indonesia is the storehouse of raw materials for those sectors.

"Our natural resources greatly support those sectors. They must be developed intensively through genetic and biological development, however. I am confident that these sectors will become our mainstays in the future," he stated.

Meanwhile, Christianto recommended that the government no longer give protection or monopolistic rights to private businesses in certain sectors. In actuality, these practices have not proved to strengthen the companies involved.

"For example, the automotive industry, which has been protected for 20 years, cannot become healthy. They are nothing more than assemblers for the Japanese automotive industry. I do not think that our automotive industry can ever compete with other countries," Christianto said.

According to Christianto, if the government is firm in not granting protection and monopolistic rights, there will indeed be casualties from competition. "That must be done if the government is to act consistently with the acclaimed Bogor Declaration," he stated. However, Christianto continued, casualties from competition will be only temporary. If free markets are implemented, natural law will apply, in which the inefficient will close their doors and the efficient will survive.

"We now need to consider whether we will make a success of free markets in 2020 or protect inefficient companies, which in the end will only be burdens to the people. In this, the government's decision must take the side of the people," Christianto asserted.

Clearly, free markets in the future will be an unavoidable part of history.

Under such conditions, only companies with efficiency and technological capability will survive.

* Functions of Export Facilities Board Described

95SE0051A Jakarta BISNIS INDONESIA in Indonesian 22 Nov 94 p 6

[Article by Frider Sinage, economic affairs observer: "BAPEKSTA Financial Facilities: An Alternative to Export Entrepots"]

[FBIS Translated Text] The Export Facilities and Financial Data Processing Board (BAPEKSTA) is a first echelon unit created under KEPPRES [Presidential Decision] No. 27/1988, which followed the policy packages of 6 May 1988 (PAKEM) and 24 December 1987 (PAKDES). The purpose of the KEPPRES was to encourage non-oil-and-gas exports and expand domestic investment. BAPEKSTA's basic job is to provide export and import services and facilities to exporters and exporting producers.

Facilities provided by BAPEKSTA can be divided into two groups:

First, exemption facilities, which encompass simplified import procedures, exemption from import fees (BM) and supplementary import fees (BMT), postponement of value-added taxes (PPN) and luxury sales taxes (PPn BM), and payment of PPn BM and PPN by the government.

These facilities are provided for imports: (1) goods and materials used in making products for export; (2) machinery and factory equipment, including spare parts, used for making products for export; (3) goods and materials imported through special customs areas and used in the making of products for export; (4) exported products originating in Indonesia; (5) construction items, materials, and equipment used to meet the needs of government projects financed with foreign aid and/or foreign loans.

Second, repayment facilities, which include refunds of BM and BMT and payment of advances on PPN and PPn BM. The facilities are provided for (1) domestic purchases of goods used for making products for exports; (2) imports of machines and factory equipment, including spare parts, used in the making of products for export; (3) domestic purchases of goods and materials used in the making of products to be exported through special customs areas; (4) construction items, materials, and equipment used to meet the needs of government projects financed with foreign aid and/or foreign loans; (5) and imports of goods and materials used to meet the needs of PMA/PMDN [foreign capital investment/domestic capital investment] companies.

Basic Principles

The basic principles followed by BAPEKSTA in the management of applications for simplified import procedures and exemption and repayment facilities are as follows:

First, the principle of relationship, meaning that the volume of goods and materials receiving exemption and repayment facilities is decided on the basis of relationship to the volume of imported goods and services actually used for producing goods that are exported, used to meet project needs, or used to meet the needs of PMA/PMDN companies.

Thus, decisions based on such relationship must be supported by a determination of the relationship between input goods and materials (input) and goods produced (output). BM, BMT, PPN, and PPn BM must be paid on imported components of commercial production outside the scope of points one, two, and three (whether sold to other companies or used for other purposes).

Second, the principle of self-assessment. The applicant is given liberty to calculate for himself the following: the volume of imported goods and materials used in a production process; the volume of goods produced; the volume of production actually exported or reexported, used to meet project needs, used to meet the needs of PMA/PMDN companies, sold domestically, or used for other things; amounts of BM, BMT, PPN, and PPn BM that are exempt/postponed or repayable on goods and materials incorporated in manufactured products; and amounts of BM, BMT, PPN, and PPn BM applicable to remnants and waste (with commercial value) from production processes.

Third, the principle of inspection, which is based on the applicant's self-assessment. BAPEKSTA then inspects the company's report for completeness and correctness. On the basis of such an inspection, BAPEKSTA may approve the application in its entirety or in part, may approve the application procedure or its completeness, or reject the application if it is incomplete or incorrect.

Fourth, the principle of limited time, in accordance with regulations related to exemption and repayment facilities. Any specified deadlines must be met.

These deadlines are of two types: (1) deadlines for submitting applications, which involve deadlines for imports, exports, deliveries/sales of goods as specified in project completion schedules, and purchases of goods needed by PMA and PMDN companies; and (2) deadlines for BAPEKSTA in processing applications, which basically include deadlines for approval or rejection of applications for exemption or repayment facilities.

Fifth, the principle of limited contacts between businesses and BAPEKSTA officials. The objective of this principle is to prevent collusion between businesses and BAPEKSTA. In applying this principle, contacts between businesses and BAPEKSTA are made via letter, telex, or facsimile, and it is recommended that no contacts with BAPEKSTA be made by telephone during the application process. Repayments of BM, BMT, PPN, and PPn BM are made by Bank of Indonesia transfers to the accounts of applicants.

To ensure compliance with government policies on expanding exports through BAPEKSTA facilities for repayment and postponement/waiver of BM, BMT, PPN, and PPn BM, postaudits are needed on companies receiving these facilities. In the context of applications and of self-assessments by companies receiving facilities, audits are logical consequences of the provision of such facilities.

The authority for postaudits of companies receiving facilities is Directive of the Minister of Finance No. 856/KMK.01/1993 regarding filing procedures for reports on imported goods and materials used in the manufacture of exported products.

In general, the objective of the postaudit is to evaluate the reasonableness of a company's export report. Therefore, the intent of this guidance is not the seeking and finding of mistakes, fraud, or other illegal activity, such as embezzlement or falsification. If during an audit, indications of illegal activity are found, however, a separate special investigation of the company will be made.

The emphasis of an audit is the acquisition of adequate and relevant information for evaluating the reasonableness of granting exemption facilities on raw materials. Such information includes the size of the exemption provided, imports of goods and materials, materials used in manufacturing, exports of manufactured products, raw materials left over, and manufactured products yet to be exported.

We hope that with this knowledge of facilities provided by BAPEKSTA, users of these facilities will be responsive. In this way, the government's objective of expanding non-oil-and-gas exports will be achieved. The target is a non-oil-and-gas revenue of $61.2 billion for REPELITA VI [Sixth Five-Year Development Plan]. We reemphasize this because there is a concern that because of the increasing competitiveness in international trade this target will be hard to achieve.

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* Squatters Threaten Batam Investment, Projects

95SE0051B Jakarta BISNIS INDONESIA in Indonesian 21 Nov 94 p 1

[FBIS Translated Text] Jakarta (BISNIS)—Squatter problems on Batam Island are beginning to hurt the investment climate and interfere with infrastructure projects, such as construction of the trans-Barelang highway. These squatter problems involve about 15,000 illegal houses not complying with zoning in various areas and the illegal actions of residents who take control of land to obtain large compensation.

Gunawan Hadisusilo, assistant chairman of the Batam Authority, said that if these squatter problems are not resolved immediately, the attractiveness of Batam Island for investment will decline.

"Increasing numbers of potential investors are asking us for relocation because the land originally given them is occupied by illegal residents," he told BISNIS this week.

According to Gunawan, some potential investors have stopped construction because residents refuse to leave and demand big compensation. This is a disadvantageous situation, because investors generally view Batam as a special customs area.

Batam Island has absorbed an investment of $4.95 billion (as of September). Of that amount, $4.12 billion is private sector investment.

Besides the interference with potential investors, Gunawan continued, the trans-Barelang highway project—which will connect Batam Island, Rempang, Galang, and Galang Baru—is often the target of illegal residents demanding compensation for land and crops.

"Because the illegal residents know that the area is to be used for a highway, they quickly plant gardens with the hope that they can demand compensation when time for construction comes. Construction of the trans-Barelang highway is now stalled half way because of this problem," he said.

According to research by the Batam Authority, there are now about 15,000 illegal houses in the area, which encompass a third of the residents. The growth of illegal settlements is made possible by the absence of any "software" to control the flow of people into the area.

The Batam Authority is working with ABRI [Indonesian Armed Forces] to clear away the illegal houses and relocate the people to temporary holding areas pending completion of simple housing. Gunawan admitted, however, that these steps will be useless if the flow of people into the area is not controlled.

The Batam Authority has written letters to the minister of home affairs asking that the problem be resolved immediately. Because the solution is so far only in the form of an appeal to governors, however, its effect has not been felt.

To resolve these resident problems, the Batam Authority has prepared a concept for controlling the flow of people by use of special passes valid for specific periods. The Chinese Government uses such a model for Shenzen, a special economic zone in the southern part of that country.

"Anyone entering Shenzen has to have a special pass, and the rule is applied consistently. We are thinking about applying that model. A joint directive by agencies involved, primarily in the Department of Home Affairs, could possibly be used," Gunawan said.

Batam Island and other islands around it, such as Rempang, Galang, and Galang Baru, have been ruled as a special customs area ("bonded zone").

As of September, exports from Batam Island totaled $960.93 million and are expected to exceed $1 billion by the end of the year. This sum exceeds 1993 exports, which amounted to only $925.81 million. About 90 percent of exports are electronic products.

Laos

SRV Defense Minister Ends Visit, Departs

BK1001021195 Hanoi VNA in English 1437 GMT 9 Jan 95

[FBIS Transcribed Text] Hanoi VNA Jan. 9—The military delegation of Vietnam led by Minister General Doan Khue left Vientiane today, ending its five-day official visit to the People's Democratic Republic of Laos.

While in Laos, the Vietnamese delegation was cordially received by Mr Khamtai Siphandon, chairman of the Lao People's Revolutionary Party (LPRP) and Prime Minister and Lt. Gen. Choummali Sai-ngason, Politburo member of the LPRP and defence minister.

It visited some units of the Lao People's Army and localities, and paid floral tribute to the cementery of the Vietnamese volunteers who sacrificed their lives to the revolutionary cause of the Lao people. Wherever it went, it was warmly received by the Lao people, cadres and soldiers.

Former President Souphanouvong Dies 9 Jan

BK1001071295 Vientiane Vitthayou Hengsat Radio Network in Lao 0500 GMT 10 Jan 95

["Announcement" issued by the Lao People's Revolutionary Party Central Committee, the National Assembly, the Lao People's Democratic Republic Government, and the Lao Front for National Construction Central Committee in Vientiane on 10 January]

[FBIS Translated Text] The Lao People's Revolutionary Party [LPRP] Central Committee, the National Assembly, the Lao People's Democratic Republic [LPDR] Government, and the Lao Front for National Construction [LFNC] Central Committee are deeply saddened to inform all compatriots, cadres, party members, combatants of various armed forces throughout the country that Comrade Souphanouvong, adviser to the LPRP Central Committee, former Political Bureau member of the party Central Committee, and former

President of the LPDR, passed away of heart failure at 2315 on 9 January 1995. He was 86.

Throughout his illness, party and state organizations attentively took care of him and provided all favorable conditions for his medical treatment by experienced physicians from both at home and abroad. Nevertheless, after suffering from chronic heart disease for many years, Comrade Souphanouvong has now left us forever.

Comrade Souphanouvong was a senior, significant leader of our party and state. He recorded great achievements and meritorious deeds for our Lao nation and people. He was a revolutionary leader who maintained the lofty spirit of sacrifice. He was a resolute, heroic, and talented leader who devoted all of his intelligence, abilities, and energy in the struggle for the independence, prosperity, and strength of the country and for the freedom and happiness of the multiethnic Lao people. Comrade Souphanouvong was a revolutionary intellectual who maintained pure ethics and was profoundly loyal to the national interests. [words indistinct] With his intelligence and abilities, his great achievements for the nation, and his pure revolutionary ethics, Comrade Souphanouvong was considered a leader who maintained influence and played a significant role domestically and internationally. He gained the respect and affection of the borad masses.

His demise is viewed as a great loss. It has brought about grief and deplorable sorrow for our entire party, Army, and people. To express our gratitude and grievous mourning for Comrade Souphanouvong, the Party Central Committee, the National Assembly, the government, and the LFNC Central Committee have agreed that the entire nation will observe a period of mourning for five days. The public is hereby informed.

The LPRP Central Committee, the National Assembly, the LPDR Government, and the LFNC Central Committee
Vientiane, 10 January 1995

'Mourning Regulations' Issued

BK1001105595 Vientiane Vitthayou Hengsat Radio Network in Lao 0500 GMT 10 Jan 95

["Mourning regulations" issued by the Funeral Organizing Committee for former President Souphanouvong in Vientiane on 10 January]

[FBIS Translated Text] To express gratitude and grievous mourning for the deceased Comrade Souphanouvong, adviser to the Lao People's Revolutionary Party [LPRP] Central Committee, former Political Bureau member of the LPRP Central Committee, and former president of the Lao People's Democratic Republic [LPDR], the Funeral Organizing Committee issues the following regulations on nationwide mourning:

1. Mourning will be organized throughout the country for five days from 10-14 January 1995. During this mourning period, banquets, parties or soirees, and all types of entertainment activities are prohibited.

2. Party and state offices, organizations, and mass organizations from the central down to the grassroots level as well as embassies, consulates, and representative offices of the LPDR abroad are instructed to fly their flags at half mast.

3. In Vientiane, arrangements will be made to lay wreaths and pay homage to the body 11-13 January 1995 from 0800-1200 in the morning and 1430-1700 in the afternoon. Offices and organizations at the central level and in Vientiane Municipality, educational institutes, various organizations, and business production units as well as fraternal people, relatives, and friends far and near are invited to pay homage to the body during these dates and times.

4. At the central level, the official mourning ceremony will be held on 14 January 1995.

5. Embassies, consulates, and representative offices of the LPDR abroad are requested to organize mourning ceremonies at their respective offices.

The Funeral Organizing Committee
Vientiane, 10 January 1995

Philippines

Officials Seek To Revoke U.S. Air Accord

BK0901072795 Manila BUSINESS WORLD in English 3 Jan 95 pp 1, 6

[Report by Larina G. Perez]

[FBIS Transcribed Text] Philippine transportation officials are gearing for tough air talks as they resume negotiations with their American counterparts on 25 January in Cebu.

The RP [Republic of the Philippines] negotiating panel has opted to push for the cancellation of the "open skies" provision in the RP-U.S. air services agreement [ASA]. Earlier, government maintained that it will call for the deferment of the provision. The cancellation of the provision will be pushed even as the U.S. panel seems to be leaning towards granting a deferment. The open skies policy contained in the RP/U.S. air services agreement (ASA) is supposed to take effect in 1996. It would mean designated carriers of both sides will have unlimited access to each of their countries.

CONDITIONS

Silvestre Pascual, Civil Aeronautics Board (CAB) executive director, told BUSINESS WORLD over the weekend that the United States appears to be willing to agree to the open skies' deferment—but with a number of strings attached.

Mr. Pascual said the United States put forward 10 tough conditions on the negotiation table. Among these are: extension of frequency limits on certain routes, a provision for all cargo services, and amendment of existing change of gauge restrictions.

Specifically, the United States proposed the extension of frequency limits by September 1996 on Route 2 (which includes the Manila-Tokyo-United States, Manila-Seoul-United States, and the Manila-Honolulu-United States). This means that the United States is asking for additional frequencies on the said routes.

Moreover, the United States is also asking for an increase in the number of U.S. carriers that will be allowed to fly on Route 2 "by an agreed amount" between the negotiating countries. Mr. Pascual said the reciprocity rule will still be in place, which means that whatever additional frequencies are granted to U.S. carriers will also be applicable to the country's lone designated carrier, Philippine Airlines (PAL).

The United States also called for the amendment of the existing change of gauge restrictions. A "change of gauge" refers to the authority given to carriers to shift from one type of aircraft to another in between designated points.

PRIMARY ISSUE

To recall, the change of gauge has been the primary issue that has stalled the granting of a temporary operating permit to the U.S.-based Federal Express.

In relation to this, the United States is also batting for a new provision which will authorize all-cargo services in certain routes between the two countries.

Mr. Pascual admitted that the conditions presented by the United States are all tough. But he added that the RP panel is also driving a hard bargain by asking for the scrapping of the open skies provision. (Incidentally, he said removing this provision does not necessarily call for the abrogation of the whole ASA with the United States.)

Mr. Pascual failed to give a categorical answer as to whether the Philippine negotiating team will remain firm in its bid for the cancellation of the open skies provision or accede to some of the conditions presented by the United States and make do with a deferment.

However, an official of PAL, who requested anonymity, said if the United States will not agree to the scrapping of the provision, the panel will push for abrogation.

Mr. Pascual said among the conditions offered by the United States, government is amenable to granting an all-cargo provision in the RP/U.S. ASA and a "reasonable" number of additional frequencies between certain routes.

The U.S. negotiating panel's remaining conditions at a glance:

—increase by an agreed amount the number of U.S. carriers on route 2;

—eliminate the requirement that only narrow-bodied aircraft (like the B737) can be used in certain routes;

—amend code-sharing provision, especially to provide code-sharing between U.S. carriers and third country carriers (or airlines they are allied with);

—include a new provision for inter-modal transport wherein a U.S. carrier will be allowed to use its choice of other modes of transportation when landing and transporting shipment in the Philippines;

—provide a new provision to make charter services less restrictive;

—include a provision allowing U.S. carriers to undertake ground-handling services with third country carriers; and,

—include a provision for computer reservation systems.

Official Offers Vatican-Communist Mediation

BK0901112995 Hong Kong AFP in English 1112 GMT 9 Jan 95

[FBIS Transcribed Text] Manila, Jan 9 (AFP)—The Philippines is offering to be an intermediary to bridge relations between the Vatican and the communist-ruled states of China and Vietnam, Foreign Secretary Roberto Romulo said Monday.

"As a country with the largest number of Catholics in Asia, we are more than willing to be the bridge between the Vatican and China and Vietnam... to be an honest intermediary in enhancing and normalizing their relations," he told reporters.

"We can make representations on the issues such as church properties and restrictions. We can help secure a meeting of the minds on church properties. I presume the church...has properties in Vietnam and China," he added.

Romulo said he will bring out these ideas during his meeting with Vatican foreign secretary Cardinal Angelo Sodano during Pope John Paul II's visit to Manila starting Thursday [12 January].

He said that enhancing relations with China and Vietnam would be in line with the Vatican's efforts to increase its focus on Asia.

China severed diplomatic ties with the Vatican in 1951 and ordered all Chinese Catholics to renounce their allegiance to the Pope. Vietnam also does not have diplomatic relations with the Vatican.

About 24 priests and young people are expected to arrive here Monday from China as delegates to the biennial World Youth Day on January 15—the highlight of the January 12-16 papal visit.

This will be the first time that a delegation from China will attend World Youth Day since Pope John Paul II inaugurated the event in 1985.

Nearly 200 Asian bishops, whose meeting here coincides with the Pope's trip, also said they might informally discuss Vatican-China ties, including Beijing's possible membership in the Federation of Asian Bishops Conferences.

Gen. Enrile: Communists Still 'Biggest Threat'

BK0901051895 Manila PHILIPPINE DAILY INQUIRER in English 31 Dec 94 p 9

[Report by Cynthia D. Balana]

[FBIS Transcribed Text] The Communist Party remains the biggest threat to national security, although its membership has dramatically dwindled, Gen. Arturo Enrile, Armed Forces chief of staff, said.

"In terms of spread nationwide, I think the CPP-NPA [Communist Party of the Philippines-New People's Army] is still the biggest national security threat," Enrile told newsmen. He said groups like the Abu Sayyaf, Moro National Liberation Front, and the Moro Islamic Liberation Front cannot be considered as national security threats since they are concentrated only in Mindanao.

Although the government has legalized the CPP, Enrile said, its principle of armed struggle is still illegal. The military has declared that communist insurgency has diminished as a result of military operations and split within the ranks of the communist hierarchy.

Camp Aguinaldo said communist rebel forces have gone down from 23,000 in 1988 to about 7,000 this year. The number of rebel-infested barangays [villages] has also decreased to 711, particularly the Cordilleras, Kalinga-Apayao, Bicol, Samar, Panay Island, and Mindanao.

Despite the decline, however, Enrile said he was not discounting the possibility that the CPP-NPA might regain its old strength.

The Abu Sayyaf, Enrile said, cannot be considered as one of the biggest threats despite the global rise of Islamic extremism. He said the Abu Sayyaf only gained prominence due to the publicity it has been getting from media for its terroristic activities.

Jalandoni Belittles Guerrilla Group's New Plan

BK0901051495 Manila THE MANILA CHRONICLE in English 30 Dec 94 p 3

[Report by Cesar Manalo]

[FBIS Transcribed Text] Luis Jalandoni, chief negotiator of the National Democratic Front (NDF), yesterday belittled the plan by the head of an urban-based guerrilla group to set up a new "communist party." He said the new group has no future.

Jalandoni said Filemon Lagman, the leader of the Manila-based Alex Boncayao Brigade, is a discredited person who had been expelled from the Communist Party for "military adventurism" and for making hasty political decisions.

"He has also committed counterrevolutionary activities," said Jalandoni, a former guerrilla-priest who operated on Negros Island, where he was an organizer for the National Federation of Sugar Workers. Jalandoni spoke a day after Lagman announced his plan to establish a new communist party to challenge the "supremacy" of the party currently headed by one Armando Liwanag, believed to be the alias of Communist Party founder Jose Ma. [Maria] Sison.

Jalandoni debunked Lagman's view on how to capture state power, saying that the strategy of "surrounding the cities from the countryside" remains the correct strategy in waging the "national democratic revolution."

"The revolutionary movement is already rooted in the masses. It cannot be destroyed by this new party," Jalandoni said in a phone interview with radio station DZXL.

Activities of Abu Sayyaf Group Reported

Pakistani Ambassador Cited

BK1001044595 Manila MANILA STANDARD in English 6 Jan 95 p 5

[Report by Joem H. Macaspac]

[FBIS Transcribed Text] The Pakistani ambassador in Manila yesterday said his government was not supporting the terrorist Abu Sayyaf group, adding that Pakistan would not put in jeopardy its close relations with the Philippines.

Emerging from a meeting with President Ramos in Malacanang, Ambassador Afzal Qadir assured has government's cooperation in putting a lid on reported participation by Pakistanis in supplying arms to the Abu Sayyaf terrorists.

"It is Pakistan's policy to maintain close relations with the Philippines and we will not do anything that will fracture the good relationship between the two countries," Qadir said.

"It is not Pakistan's policy to encourage individuals or groups to do things that can destabilize the Philippine government," he said.

Qadir, however, decried the sloppy handling of the investigation of Pakistanis supplying arms to the renegades. Qadir said he asked police authorities to prevent the suspects from leaving so that he could talk to them and find out if they were really involved in the arms purchase. But the authorities released the foreigners before Qadir could talk to them, he said.

"The opportunity (to determine if Pakistanis were involved) was lost," Qadir said.

Qadir said the authorities should have interrogated the six Pakistanis suspected of having a part in the arms procurement if it believed that it had a solid case against the foreigners.

The police authorities in Mindanao never bothered to verify and confirm if their suspects were indeed Pakistanis. Qadir said he would coordinate with Interior and Local Government Secretary Rafael Alunan III in trying to get to the bottom of the controversy.

'High-Tech Weaponry' Procured

BK0901063795 Manila PHILIPPINE DAILY INQUIRER in English 3 Jan 95 pp 1, 4

[Report by Cynthia D. Balana, Rolly San Juan]

[FBIS Transcribed Text] Abu Sayyaf extremists are acquiring state-of-the-art weapons from neighboring countries in an apparent bid to intensify its struggle for an Islamic state in Southern Philippines, military sources said yesterday.

The sources said one such arms shipment, which landed in Basilan last November, included anti-aircraft guns and computerized surface-to-air missiles, which would enable the extremists to repel conventional military offensives on their mountain lairs.

The sources said Lt. Gen. Orlando Soriano, Southern Command [Southcom] chief, disclosed the shipment during a command conference at Camp Aguinaldo before Christmas.

In Isabela, Basilan, Chief Insp. [Inspector] Benjamin Misuarez, operations chief of the PNP [Philippine National Police] provincial command, said the Abu Sayyaf has a new policy against keeping prisoners alive.

Misuarez said the beheading of a Christian village chief and his son in the nearby town of Maluso by the group appeared to signal the policy shift.

The decapitated bodies of barangay [village] captain Solomon Mayang and his son Jonathan were found last Friday along a jungle road near an abandoned Abu Sayyaf camp in Lower Mahayahay, Maluso town.

The Mayangs, suspected of feeding information about the Abu Sayyaf to authorities, were seized last Wednesday while searching for the bodies of three boar hunters killed by the extremists on Christmas Eve.

The Abu Sayyaf has been bombing churches and other Christian targets and kidnapping missionaries since 1992, and in some cases had released captives for ransom. But Misuarez said Abu Sayyaf leader Abdurajak Abubakar Janjalani recently ordered his men, believed to number about 200, to "kill and behead all Christians" during firefights or hostage-taking situations.

The extremists are still holding five land surveyors working for the Department of Agrarian Reform who were snatched last November and are demanding a P1 [Philippine pesos] million ransom.

Misuarez said one of the five men was seen by security forces lugging ammunition and cooking pots for a group of about 100 Abu Sayyaf guerrillas near Lantawan town last Sunday. He added that the four other captives have not been seen since mid-December, when the extremists threatened to behead the surveyors if the military persisted with an ongoing operation against the group.

Enrile dismayed

On the arms landing, the sources said Soriano even showed photographs of the shipment taken by a civilian informant who was later killed by a group of unidentified men after he delivered the pictures to Southcom officials. The photographs showed several armed men unloading the weapons from an unidentified vessel on a coastal area in Basilan, the sources said.

Gen. Arturo Enrile, Armed Forces chief of staff, was reportedly dismayed by the report that he asked Soriano to stop the briefing. Enrile later asked the other generals in the briefing room to formulate new approaches to deter similar incidents, the sources said. Soriano reportedly told Enrile that he was investigating further the arms landing, believed the fourth in 1994.

Military intelligence reports showed that from 1 January to July last year, the Abu Sayyaf figured in at least three arms shipments in Basilan and Sulu, consisting of high-powered firearms, explosives, mortar tubes, and other ammunition.

One shipment was believed to have come from Sandakan in Sabah, Malaysia. The same reports said Radullah Sahiron, a former Moro National Liberation Front commander, supervised the manufacture of some 300 homemade bombs in Patikul, Sulu.

Brig. Gen. Guillermo Ruiz, Marines chief, downplayed the latest arms landing in Basilan, where he had served as a Marine brigade commander.

"It is merely another propaganda of the Abu Sayyaf to gain leverage against government authorities," Ruiz said.

Tremendous gain

He said Abu Sayyaf members, although some of them were trained abroad, were not known to be capable of operating state-of-the-art weaponry. But if the arms landing reports were true, the sources said, the Abu Sayyaf would have gained tremendous advantage in their guerrilla warfare.

At it is, government troops have experienced difficulties in penetrating Abu Sayyaf camps which are nestled in forested areas. The rebels' mastery of the terrain, coupled with their attack-and-retreat tactics, often forces the military to change timetables in accomplishing a mission.

With the enemy's high-tech weaponry, military maneuvers are expected to suffer more setbacks. Helicopter gunships, for example, will find it more difficult to "soften" a target in preparation for a ground attack because they will have to contend with the rebels' surface-to-air missiles, the same capability that enabled Afghan guerrillas to repel Soviet invaders in the past.

Jobs in Mideast

Christopher Puno, Basilan provincial government spokesperson, also said the Abu Sayyaf has stepped up its recruitment of Christians, promising them jobs in the Middle East if they convert to Islam. Puno said the extremists were telling prospective recruits that it would be easier for them to land jobs abroad if they become Muslims and learn Arabic.

Sen. [Senator] Gloria Macapagal urged the government to check with the Pakistani Government reports coming from military officials that some of its nationals were helping the Abu Sayyaf. Macapagal also called on the Bureau of Immigration to help defense officials in identifying these Pakistanis.

'Assassins' Reportedly Target Pope

BK0901120695 Manila THE MANILA CHRONICLE in English 6 Jan 95 pp 1, 8

[Report by Roel Pareno, Ernest Porcalla, and Cesar Manalo]

[FBIS Transcribed Excerpt] The head of the extremist Abu Sayyaf has ordered a team of assassins to go after Pope John Paul II when he arrives in the country next week, an official in Basilan said yesterday.

The official, who did not want to be named, said he learned of the order given by Abubakar Abduja-radjak [name as published] Janjalani when he listened to a radio message on a frequency used by the Abu Sayyaf last Tuesday night.

The official said Janjalani told the man he was talking with to pick five other members of the Abu Sayyaf to join the hit team.

Janjalani said the Abu Sayyaf's contact in Manila would supply the team with firearms, according to the official.

General Orlando Soriano, the Southern Command chief, had downplayed reports of an Abu Sayyaf hit squad out to kill the Pope, saying the extremists do not have the capability to launch such a mission, since they are already on the run in Basilan.

In Manila, authorities were more concerned with stopping the entry of foreign terrorists whose target is the Pope. An immigration intelligence official Ponciano Ortiz, admitted the agency has no way of confirming if any of the foreigners blacklisted by the Vatican have arrived using a false name.

Yesterday, acting Immigration Commissioner Ramon Liwag scolded Ortiz for issuing unauthorized statements. Liwag assured reporters immigration agents were looking out for foreign terrorists.

Senator Rodolfo Biazon yesterday urged police to extend the security for the Pope to the delegates to the World Youth Day since they could also be potential Abu Sayyaf targets. Some 300 youth delegates are expected to attend the International Youth Forum which is a prelude to the World Youth Day celebration.

Director Jewel Canson, head of the National Capital Regional Command, which covers Metro Manila, agreed that the youth delegates should be given the same security as the Pope's. He directed his men to patrol the malls in the metropolis which will be visited by the delegates. [passage omitted]

Soldiers Killed in Basilan Encounter

BK1001043495 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 9 Jan 95

[FBIS Translated Text] Two army soldiers and eight members of the Abu Sayyaf Muslim terrorists died in a bloody encounter in Lantawan, Basilan. According to spokesman of the AFP [Armed Forces of the Philippines] Southern Command [Souhtcom] Major (Fredisvindo Cobaruvias), the encounter, which took place last Sunday afternoon, is the first between the military and Abu Sayyaf in 1995. According to (Cobaruvias), six other soldiers were wounded in the battle, which lasted for almost half an hour. Several Abu Sayyaf members were wounded. Major Cobaruvias identified the two dead soldiers as Private First Class [Pfc.] Podiotan and Pfc. Villantol. The two were assigned to 44th Infantry Battalion of the Philippine Army. The wounded were identified as: Sgt. Sumingit, Cpl. Agasin, Cpl. Edollantes, Pfc. Plementil, Pfc. Ronnie, and Pfc. Puquita.

According to a Southcom officer, the 60 soldiers of 44th Infantry Battalion were on foot patrol when they encountered the 50 Abu Sayyaf members in the mountainous part of Baungis.

Meanwhile, PNP [Philippine National Police] Chief Recarido Sarmiento denies reports that MILF [Moro Islamic Liberation Front] rebels are consolidating forces in three provinces of Mindanao. Sarmiento assured Bishop De Dios that these reports are not true.

Weekly Interviews MNLF Chief Nur Misuari

BK0701143795 Jakarta GATRA in Indonesian 17 Dec 94 pp 76, 77

["Excerpts" of Jakarta-Jeddah telephone interview with Nur Misuari, chairman of Moro National Liberation Front, MNLF, by GATRA correspondent Tuti Kakialatu; date not given]

[FBIS Translated Text] **On the Settlement of the Mindanao Issue**

[Misuari] I believe we are the most sincere people in the world because we have been fighting for peace for nearly a century. We want to know when peace will come to us. Right now, we always feel we are in a critical situation.

We are suffering from a dispossession of our democratic rights. That is why we are trying to hold talks with the Philippine Government to achieve peace. We launched an active campaign during the Marcos and Aquino adminstrations. In fact, we are still doing so. Meanwhile, the current Philippine Government is adopting a take-it-for-granted attitude. Therefore, we plan to form a government that in charge of the entire region, which covers 13 provinces.

On Peace Talks

[Misuari] The ad hoc working committee is faced with a deadlock. The Philippine Government wants autonomy through the legal process, but we continue to uphold the Tripoli Agreement. Earlier, they had agreed to uphold this agreement as long as there was goodwill. But, later they changed their mind. A division of the region is obviously needed and regional governments will soon be decided on.

However, there is no clear grace period as the clause only says: "as early as possible." The Tri[illegible] Agreement's clause 15 clearly states that: "As soon as the Manila Agreement is signed." They obviously want to create a crisis that will split our movement. This is not good.

The agreement cannot be implemented without troop withdrawals. The ICO [Islamic Conference Organization] meeting clearly stipulates that the Tripoli Agreement is the most reasonable and practical vehicle for creating peace in the Moro region.

On Lost Command [preceding two words in English], MILF [Moro Islamic Liberation Front], Abu Sayyaf

[Misuari] I believe that Deep Penetrating Agents [two preceding words in English] have infiltrated the Abu Sayyaf group. The Philippine Government has used these agents to combat the communists in Luzon and Mindanao. When I was in Basilan before leaving for Jakarta for the official talks, these agents joined Abu Sayyaf and launched attacks against Jolo. Up to now, they are still there because Abu Sayyaf has given them the freedom to operate there. The airport I was about to land in was even under their control and this created difficulties for me during my stay in Jolo.

On the Cease-Fire Process

[Misuari] There are many cease-fire violations and they are getting too frequent. For example, the police entered and attacked our positions. Why do they have to enter our territory if they want to monitor the situation? Perhaps it is their way of supervising things. However, I have no idea how our group formulates the regulations. If a unilateral regulation is formulated on my behalf, it will seem to favor the Muslims. We will have problems with this kind of cease-fire, but we never or want to violate the cease-fire.

On the Role of ARMM [Autonomous Region of Muslim Mindanao]

[Misuari] ARMM which is clearly conspiring with the Philippine Government, was also a mechanism used by Marcos and Aquino to manage the problems of autonomous regions. During the Marcos era, there were two autonomous regions comprising nine provinces. Aquino simply followed her predecessor' policy. This was against the Tripoli Agreement, which stipulates that as soon as an accord has been reached, a solution to the problem between the MNFL and the Philippines is to be found.

On MNLF

[Misuari] There are thousands of MNLF supporters in Zamboanga, Jolo, Cotabato, Lanau, and Davao. Thousands of mujahideen live in these areas and have joined the MNFL. Our membership continues to grow. I learned that it is between 30,000 and 40,000, thogh I am not sure about their exact number.

Future Plans

[Misuari] I plan to go to Casablanca to attend the ICO meeting and the ICFM [Islamic Conference for Foreign Ministers] and stay there for five months. We hope President Suharto and Foreign Minister Ali Alatas will attend the two meetings. We also hope that the ICFM will ask us to discuss the Moro issue. This will be an important meeting for them because the ICFM is always useful. It will be useful if Mr. Alatas can give his views to the conference organizers.

On Indonesia's Role

[Misuari] Indonesia is a very useful observer and capable of strengthening the morale of the people in Mindanao. I believe Indonesia will be able to enhance the maintenance of the cease-fire. Indonesia will also strengthen the ICO's commitment to seek an acceptable settlement to the problem. This is very important due to the fact that as observers, the Indonesians will be present, while the ICO will also boost its presence in order to monitor the cease-fire.

At present, the Philippine military is taking the opportunity to launch operations as talks are getting under way. They have arrested nine MNLF groups and captured their camps. They have seized our areas in Sultan Kudarat, Basilan, and Ligitan. Therefore, an observer team from a Muslim nation, especially Indonesia, is badly needed.

On this occasion, I also want to extend our gratitude to President Suharto and the Indonesian people who have sent observers to Mindanao. We will be most happy when peace returns to our land. God willing, I shall live in the liberated Moro land.

Investments in Export Zones Increase 354%

BK0901060095 Manila PHILIPPINE DAILY INQUIRER in English 2 Jan 95 p B1

[Report by Corrie S. Narisma]

[FBIS Transcribed Text] Investments in the country's export processing zones increased by 354 percent in 1994 to P9.6 billion [Philippine pesos] from the previous year's P2.7 billion. The zones were also estimated to have breached the $3 billion mark in exports during the year. As of November, exports already reached $2.45 billion, which translated to a 19 percent increase over the total exports in 1993.

Exports by enterprises in the country's regular and special export processing zones were projected to account for about 22 percent of the country's total exports, which were estimated to reach $13 billion in 1994.

Of the total investments registered by the Export Processing Zone Authority (EPZA) in 1994, electronics projects accounted for 67 percent with total investments of P6.4 billion.

As of November last year, the Japanese were the biggest investors in the zones with total investments of P5.17 billion. American businessmen followed with P1.2 billion while Dutch investors contributed P855 million.

For 1995, EPZA is projecting total investments of about P13 billion to P15 billion. Over the next six years, cumulative investments in the special and regular export zones are expected to reach P233 billion.

EPZA Administrator Tagumpay Jardiniano said that at least nine projects with total investments were in the pipeline for registration early this year. [sentence as published]

The biggest of these projects is the P1 billion integrated passive electrical circuit manufacturing venture of Hicam Devices, which is locating at the Gateway Industrial Park in Cavite.

Special economic zones in private industrial estates accounted for nearly P6.8 billion of the total investment registrations by EPZA during the 11-month period. Among the regular export zones are those in Bataan, Baguio, Cebu, and Mactan. The special export zones are those developed and run by private companies. These are mostly located in Cavite and Laguna.

Government Posts P7.32 Billion FY94 Deficit

BK0901065095 Manila MANILA STANDARD in English 1 Jan 95 p 13

[Report by Ramon Tomeldan]

[FBIS Transcribed Text] The Ramos Administration seems to have managed the government's financial affairs quite well in 1994. In fact, it is said to have "overperformed" by slashing some P30 billion [Philippine pesos] in the so-called "allowable" (the amount sanctioned by the International Monetary Fund) consolidated public sector deficit (CPSD).

According to estimates by the Department of Finance [DOF], the CPSD reached only P7.32 billion, which was far below the P37.7 billion deficit allowed by the IMF under the ongoing economic program.

That came about largely as the national government posted a budget surplus of P12.28 billion, which a DOF source described as "an unprecedented feat these past 20 years." That exceeded earlier projections of a P4.69 billion budget surplus.

The government's budget position and the financial standing of 14 government owned and controlled corporations [GOCCS], as well as the Central Bank make up the CPSD. The CPSD is a measure of how well the government has been handling its fiscal affairs or revenue-expenditure program, using criteria set by the IMF.

With the deficit reduced considerably, the public sector also limited its combined borrowings to P16.55 billion as measured by the public sector borrowing requirement (PSBR). The IMF-sanctioned program set the maximum level of PSBR at P41.40 billion for 1994.

Much of the PSBR or net new borrowings went to the restructuring of the defunct Central Bank which ate up P21.25 billion, also lower than the programmed amount of P25.81 billion. The monitored GOCCS had P12.60 billion, from the allowable limit of P13.40 billion, official documents showed.

Big surplus

The government enjoyed the big surplus, boosted by big inflows from the privatization program, the Finance source said. Total revenues from tax and non-tax sources amounted to P335.03 billion, a modest increase from the program target of P325.6 billion. Expenditures reached P322.75 billion, from P330.30 billion under the IMF program.

The "overperformance" in the fiscal sector helped convince the IMF to ease the terms of the economic program for 1995. The new terms will give the Ramos Administration the much-needed flexibility to achieve a 6.5 percent growth rate with a low inflation rate without having to tighten up on money supply, officials said.

For 1995, the government hopes to maintain a single-digit inflation, averaging 6.5 percent while keeping interest rates at 11 percent based on the 91-day Treasury bills.

Vietnam

Nong Duc Manh Receives Thai Parliamentarians

BK1001032595 Hanoi VNA in English 1455 GMT 9 Jan 95

[FBIS Transcribed Text] Hanoi VNA Jan 9—National Assembly Chairman Nong Duc Manh this morning received in Ho Chi Minh City the visiting delegation of the Commission of Religion, Art and Culture of the Thai lower house led by its head Mr Amnuai Suwankiri.

At the reception, Chairman Nong Duc Manh highly valued the fine cooperative relations between the two legislatures in particular and Vietnam and Thailand in general and said he hoped that the two countries would accelerate the exchanges of visits of art ensembles with a view to maintaining and introducing the heritage of national culture of each country and promoting the friendship and cooperation between the two countries.

For his part, Mr Amnuai Suwankiri wished for further development of the friendship and cooperation between Thailand and Vietnam, especially in the fields of culture and education.

Earlier, the Thai guests were received in Ho Chi Minh City by Mrs Tran Thi Tam Dan, chairman of the National Assembly Commission for Cultural Affairs and Education of the Youth and Children.

During the reception, the two sides informed each other of structure and operations of their respective legislative bodies and exchanged view on culture, arts and education. They expressed their rejoice over the fine development of the cooperative relations between the two countries and legislatures.

Indonesian House Delegation Arrives on Visit

BK1001034095 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 9 Jan 95

[FBIS Translated Text] A delegation of the Indonesian House of Representatives led by Mr. Khairuddin Harahap, chairman of Commission II [in charge of home affairs], arrived in Vietnam this afternoon at the start of a three-day visit to Vietnam.

The delegation consists of nine members. During its working visit to Vietnam, the delegation will work with a number of authoritative committees of the Vietnamese National Assembly and the Vietnamese State Planning Commission. The purpose of this visit is to learn about Vietnam's legislative system and the organizational structure of the Vietnamese National Assembly and to exchange experiences between the two national assemblies. In addition, the delegation will tour a number of scenic spots and historical sites in the capital, Hanoi.

Further on Vo Van Kiet Discussing Major Tasks

BK1001032195 Hanoi VNA in English 1436 GMT 9 Jan 95

[FBIS Transcribed Text] Hanoi VNA Jan 10 [as received]—Prime Minister Vo Van Kiet met with provincial officials at Thong Nhat (Reunification) Hall in Ho Chi Minh City on Sunday, to review the government's leading work in 1994 and discuss its tasks and plans in 1995.

Prime Minister Vo Van Kiet noted that the government's activities in 1994 had contributed to the maintenance of economic, cultural and social development.

He said that 1995 will be a year of decisive significance for the successful implementation of the five-year plan (1991-1995) on the road of national industrialization and modernisation. It is also in this year experience of ten years of renovation will be summed up, and the 1996-2000 five year plan worked out, and documents on socio-economic development prepared to submit to the coming 8th congress of the Communist Party.

The government set forth eight major tasks for 1995 namely:

—On production: to settle difficulties in business and production in the areas of policy making organization and personnel in order to step up the development of all economic sectors, to maintain high rate of economic growth, and create premises for the development of the new period of 1996-2000.

—On monetary and finance: renovation of monetary and financial work is the main task of 1995. This includes the approval of a national financial project, the completion of policy on financial management for businesses, administrative organizations and funds, the effective management of loans including foreign countries' ODA [overseas development assistance] and early liquidation of debts.

—On designing and planning work: to complete master plans on distribution nationwide of production forces till 2010. To approve concrete plans on industry and communication of the three major economic areas.

—On renovation of managerial mechanism of different kinds of businesses: to submit to the National Assembly the law on state- owned businesses and draft law on cooperatives, to promulgate a new statute of state-run enterprises.

—On external relations and external economic relations to conduct fundamental researches for long-term forecast of the world situation and relations with foreign countries, and define external policy for the new period to deploy regional policy and step up preparations to join ASEAN.

—On social and cultural issues to create more jobs for people, to alleviate poverty and eradicate hunger and fight against social evils.

—On national defence and security: to build the people's armed forces strong and healthy, to work out programmes against crimes.

—On administrative reform: to step up the reform of administrative procedures, to make a law on organization of administrative courts, decree on administrative litigation, decree on lawyer organisations, and streamline the organization of some ministries and institutions under the central government.

Efforts To Boost Party Presence in Joint Ventures

95P30034

[FBIS Media Note] Expressing concern about the lack of party involvement in foreign joint ventures, the Ho Chi Minh City party paper SAIGON GIAI PHONG on 14 September published an article by Pham Chi Dungen titled "Ten Steps Proposed To Build Party Organizations in State Joint Ventures." The article noted that of the roughly 300 joint-enterprise companies now operating in Vietnam, party organizations are present in "only" 38 and local labor unions are present only in 60 local labor unions. It also pointed out that the lack of party involvement is allowing foreigners' free rein in their actions. There have been many cases where joint enterprises have broken laws, or where Vietnamese workers have been mistreated by foreign employers. In addition, Vietnamese managers in those firms have been very "passive or weak" and have even covered up the foreigners' "wrong actions." To minimize the effect of these actions, the article suggested the following 10 measures to build and expand the party's organizational system in joint venture enterprises:

1. Concentrate on building party organs inside joint ventures that involve state-owned enterprises and foreign firms. Such joint ventures which comprise from 70 to 75 percent of all licensed investments in Vietnam, already have the infrastructure needed to build party organizations. The article suggested that party building in joint ventures begin at the local level in Ho Chi Minh City, which has about 130 joint venture enterprises. The remainder (those joint ventures involving central-level state enterprises) would not begin establishing party organizations until lines of communications between the central ministries and Ho Chi Minh City are well established.

2. The jurisdiction and responsibilities of party committees within joint ventures must be clearly defined. The party committees should be tasked with leading the Vietnamese side in all issues such as implementation of the joint enterprise's strategic operating plan, organization and personnel matters, questions of mergers and spinoffs, capital increases, decreases, and transfers, labor questions, payments to the state budget, etc. The party committee will act through the enterprise's management council in agreement with the foreign partners. The party committee must "have the right to take part in all meetings" at which issues within its jurisdiction are raised.

3. The state must place the party committee secretary in the joint enterprise's management council so that he can protect the economic and political interests of the Vietnamese side.

4. The reporting system must be carefully revised so that the committee can report in a "fully and timely manner" on "all developments" within the joint enterprise to the "concerned" Vietnamese Government agencies. At the same time, the joint enterprise's party committee will make its own reports to the next higher party committee.

5. Attention must also be given to setting up the party committee's inspection component so it can "effectively" monitor the joint enterprise'sfinances, accounting, revenues and personnel compensation. Revenues received by the party cadres in the enterprises must be made public and be routinely reported to high party levels. The party committee and its inspection component must communicate regularly and closely with labor unions and the Communist Youth League.

6. Party cadres must be "urgently" trained so that the party committees can be established in the 130 joint enterprises in Ho Chi Minh City. The training program should emphasize all factors related to foreign investment.

7. All the existing party organs within joint ventures must be evaluated and ranked, and plans made for replacing or adding to their personnel. After their training, all the party committee secretaries will be placed in the joint enterprises' management councils so that they may closely lead the managing apparatus of the Vietnamese side. In some cases, if a Vietnamese cadre already working in the joint enterprise has the necessary qualifications and ability, he may be promoted to be party committee secretary.

8. Ho Chi Minh City needs provisional regulations right now on building party organs within joint enterprises. Particular emphasis must be laid on improving management and bringing criminal charges against party members who have "become degenerated."

9. As a pilot project, the development and strengthening of party organs should start in the industrial, tourism, and commercial sectors which comprise large-scale joint enterprises, and where there have been instances of law violations.

10. The central level should also "urgently" promulgate official regulations on party organizational operations within joint enterprises.

An article in the August edition of the party journal TAP CHI CONG SAN by Le Huy Ngo, deputy head of the Party Central Organization Department and member of the Party Central Committee, reviewing party renovation over the past two years, also pointed to the need to build party organizations in joint ventures. Noting that there is still "much confusion" about this issue, Ngo stressed that there "must be party leadership" in economic organizations.

* Lessons Drawn From Battle Exercises Highlighted

952E0036A Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Oct 94 pp 34-36, 33

[Article by Tu Nguyen: "Notes From a Number of Exercises in the Defense of Provinces and Districts—Some Issues That Need Further Study"]

[FBIS Translated Text] Holding military exercises is a very important element of the task of building defense areas in provinces, cities, districts, and precincts (hereafter referred to as provinces and districts for short). To date, (after nearly seven years), 100% of the provinces and districts throughout the country have held defense area exercises. Through these exercises, the organization and operation of the mechanism of party leadership over the national defense and security tasks have been readjusted, supplemented, and perfected step by step; cadres, party members, and the people have been inculcated with a sense of alertness and a better perception of the national defense and security tasks; and the local people's armed forces have been reorganized and consolidated, and their operational efficiency has been enhanced. The exercises have also contributed to firmly maintaining political stability, public order and security, and economic development.... But, the most important achievement has been, perhaps, the fact that the party committees and administrations at all echelons have regularly paid attention to and closely directed the national defense and security tasks and have combined socioeconomic development with national defense and security consolidation in the process of building the all-people national defense disposition and people's security in the localities.

Aside from the above-mentioned very great and comprehensive results, there have also been a number of problems that need further study.

1. The leadership, management, command, and staff mechanisms for the national defense and security tasks.

This is a very important issue that decides the success of the strengthening of national defense and security. In reality, in localities—from villages to districts and provinces—some irrationalities have been detected in the process of gradually regulating the operation of the national-defense and security leadership mechanism and making it really efficient.

A. In many district-level defense area exercises, when shifting the armed forces to the state of combat readiness and switching the localities to a combat posture, no less than three orders (directives) were issued on the same subject at the same time by the upper echelons and relayed to the lower echelons through three channels. These orders were the directive of the provincial party committee secretary, the order of the provincial people's committee chairman, and the command of the provincial military school. Under the current leadership, management, and command system for the national defense and security tasks, all these three orders are equally valid. But, is it not true that such a profusion of orders is only appropriate for the management of political, socioeconomic tasks... under peacetime conditions? As for national defense and security tasks, they have their own characteristics—great urgency, fast-changing and complicates situations—and call for unified, correct, accurate, and timely measures. Moreover, under wartime conditions, ensuring uninterrupted, reliable communications for leadership and command systems is a very difficult task, and interruption and loss of communications can happen easily. Let's suppose that in the situation cited above, if one of the three orders had not reached their intended recipients, would the latter have been able to exert unified leadership and efficiently carry out their tasks? For this reason, there must be a compact, light, and mobile management mechanism that ensures a high level of unity, efficiency, and timeliness, and that prevents unnecessary bulkiness and redundancy while adhering to the principle that the party exerts absolute, direct leadership over all aspects of the national defense and security tasks. In our opinion, in the current conditions, a viable solution may be that there should be only a unified order issued by a single organization, namely the provincial defense and security council (if there is one) headed by the provincial party committee secretary cum people's committee chairman or by the provincial people's committee chairman; or there should be one order only issued by a single official, namely the provincial people's committee chairman, in accordance with a resolution of the provincial party committee or a decision of the defense and security council (if there is one). The district level should also be organized in the same manner. The provincial and district defense and security councils are the highest local organs of leadership over defense and security tasks; their duty is to mobilize all forces and capabilities of the localities to defend the homeland.

B. Another manifestation has been that in the defense area exercises, all the provinces and districts conducted training in both defense and security. In some exercises, there was even more training in security than in defense. However, exercise guidance and direction committees were made up mainly of the personnel of the local military organs, who were directly responsible for preparing hypotheses, making plans, determining themes, and directing exercises under the general leadership and management of the provincial and district party committee secretaries and people's committee chairmen. There was no participation of the chiefs and other essential personnel of the public security forces in these committees. In many localities, members of the militia and self-defense forces also performed the duties of the public security. Were such activities lawful? It can be said that this was a fairly obvious manifestation of a failure to thoroughly understand and correctly implement the contents of the party and state resolutions and directives concerning the mechanisms of leadership, management, staff, and command for the national defense and security tasks in various localities in the current situation (opposing rebellion and subversion is primarily a duty of the people's public security; the Army only participate in this task). Moreover, such an organizational and managerial method will affect not only the results of the exercises but also the daily management of the national defense and security tasks in localities. To ensure the results of exercises, the public security should participate in exercise guidance and direction committees. There have been many preliminary and general reviews of exercises, and various localities and responsible organs have made numerous suggestions concerning this problem; in reality, however, nothing much has changed.

C. Another problem (also concerning district-level military exercises) has been the fact that, to conduct training in mobilizing forces and means for war and in air defense and evacuation, exercise directors issued two provincial-level orders: one for mobilizing forces and means and another for organizing air defense and evacuating district agencies and the population. Both orders were personally signed by the provincial military commanders. In some provincial-level exercises, training in the same tasks was directed by orders from military region commanders. In this connection, a matter deserving attention is the constitutionality and lawfulness of these orders. Are provincial military commanders and military region commanders empowered to sign such orders? And who are authorized to sign them? We can answer these questions at once that military region and provincial commanders have no authority to sign such orders. This is because it is a matter concerning all activities, including military activities, of a locality led and managed by its top leader, namely the people's committee chairman. So, who is fully empowered to sign? According to the 1992 Constitution of the SRV (Article 103, Point 6), only the President of the state has the authority to order general mobilization or local mobilization. If mobilization is limited to a province, the people's committee chairman of that province, by order of the President of the state, may order mobilization. Likewise, air defense and evacuation orders for districts must be signed by provincial people's committee chairmen. In our opinion, the matter is clear; and it is hoped that there will be no more mistakes about the procedures already determined by law.

Together with the process of renovating party leadership and building the law-governed socialist state, it is imperative to carry out study and exchange views to achieve unity in the issues cited above in order to perfect the mechanism of leading and managing national defense and security tasks in localities.

2. Creating hypothetical situations and organizing exercises.

In recent years, the hypothetical situations created for provincial and district defense area exercises have comprehensively, abundantly, and realistically reflected the developments of the world situation, the domestic situation, and the situation in each locality. These hypothetical situations have also ensured a comprehensive training in the task of building defense areas. However, in creating specific situations, in particular security situations, there have been oversights, a lack of strictness, and no careful calculation of beneficial and adverse influences of such situations as troublemaking, land disputes, demonstrations, and counter-demonstrations.... Creating hypothetical situations for training in the maintenance of security is a very difficult and complicated task. This is a highly sensitive issue directly bearing on the political and socioeconomic situation. Done without careful consideration, this task may become a double-edged sword and may do more harm than good. Therefore, we must weigh the pros and cons and carefully analyze all of its aspects in order to create appropriate hypotheses which are close to the actual situation in localities, have a beneficial impact on the education of the people, and create proper conditions for the party committee echelons, administration, public security, Army, and the masses' political organizations to train and gain experience in an effective, practical manner.

To date, organization of defense area exercises has normally been guided by the upper echelons, with military regions providing guidance and direction for provinces and provinces providing guidance for districts. This is a rational and principled approach. So far, all localities have organized exercises once at least, excluding the visits paid to other localities to learn and to draw experience from their exercises; thanks to this, all localities have become adept at organizing exercises. On the basis of this reality and in consideration of the suggestions made by numerous localities, in the period ahead we should let localities organize exercises by themselves according to the tasks in which they feel training is necessary. Each exercise may be devoted to in-depth training in some activities (to be determined by the localities themselves). Naturally, those provinces and districts drafting their own exercise plans should base them on the defense area building plans of the military regions (or provinces); and these provincial and district plans must have the approval of the military regions (or provinces). According to this way of organizing exercises, the upper echelons (military regions and provinces) should only send cadres to monitor exercises and to assist the lower echelons (provinces and districts) and do not have to set up guidance and direction committees as in the past. This is a good method which not only helps save manpower and materials but also ensures the results of exercises and bring into full play the self-reliance, independence, initiative, and creativity of each locality. In the process of building defense areas, there may be new developments that should be thoroughly understood and applied. In such cases, military regions and provinces can organize exercises as models, and localities should send cadres to study and learn from these models in order to apply them in accordance with the specific conditions in their areas.

3. Organizing and using the grass-roots armed forces.

This matter has been studied and discussed extensively, but there still are problems that need further clarification if unity of views is to be achieved. Among these issues, the most prominent is the one concerning the organization of grass-roots militia, self-defense, and civil defense forces. This task is being carried out by various localities in vastly different ways. Many basic units in Ho Chi Minh City have organized militia and self-defense forces only to do both national defense and security work. Many other basic units have organized national defense and security detachments under the command of village military unit chiefs and village public security chiefs; when performing security duties, the detachments are led by village public security chiefs; when carrying out military tasks, they are directed by village military unit chiefs. In many organs and enterprises, self-defense forces are merged with security forces.... Worthy of note is that all these models of force organization are in violation of the regulations established by the upper echelons. Despite rectification efforts and reminders, these practices have continued and have even increased. This is a fairly prevalent "irregular" phenomenon that should be studied and reviewed in order to draw a unified conclusion. Another reality is that, at the basic level, the national defense and security tasks are closely linked, and it is very difficult to make a clear distinction between the two areas. On the other hand, at the grass-roots, which have limited potential in terms of manpower and materials, if two separate forces—national defense and security—are organized, it would be very difficult indeed to provide them with everything they need for their activities. In those basic units which have organized one force only in accordance with the formula "let the people discuss, elect, feed, and control," this force has worked well as a force truly of the people, by the people, and for the people, and has served as an effective activist unit in carrying out national defense and security tasks at the grassroots. Is it not true that this is a rational model that should be studied very seriously in order to draw the right conclusion? Of course, this does not mean that this force will do the work of the public security and that the mass security organizations at the grassroots should be abolished.

In the use of the militia and self-defense forces to carry out combat duties, there is currently a prominent problem, and that is the fact that a number of localities have used their militia and self-defense forces as mobile forces to attack the enemy in other localities. In the past, there were cases wherein we used militia and self-defense forces of an area as mobile forces to fight the enemy is other areas (other villages, districts, and provinces); however, these forces were not able to bring into full play their capability and operational effectiveness. In the recent defense area exercises, a number of localities also used militia and self-defense forces as mobile forces to fight the enemy in other localities (village). Should we use these forces this way? In our opinion, we should not. If we have to use them this way at all, it should be in coordinated, joint operations within a number of villages belonging to interconnected combat village clusters of a defense area. This is because militia and self-defense forces are the masses' armed forces designed to fight the enemy on the spot, in their own localities. Militia and self-defense forces are not freed from production obligations; they must simultaneously engage in production, fight the enemy, and protect their families and hamlets and villages. Separate them from these things and they would lose their support base, which is their most basic strength. Therefore, they can not move away from their base and fight "in the regular way" as the local forces do. But they can fight in their own familiar and highly effective way in areas prepared well in advance.

* State Management in Press Publication Proposed

952E0037 Hanoi NHAN DAN CHU NHAT in Vietnamese 13 Nov 94 pp 9, 10

[Article by Phan Hong Quang, Litt. D.: "About State Management in Press Publication"]

[FBIS Translated Text] The renovation policy of our party and state has awakened the long-hidden abilities of every citizen and every working person.

The very idea about renovation has been one of the factors that led to an evident revitalization in the field of press publication:

—The network of press-publishing organs, with permission from the state, has spread to all localities and sectors. (According to data from the Publication Department, there are in our country today 36 publishing houses. In 1993, they published over 5,300 titles, with 85 million copies. In 1992, there were only 3,900 titles and 71.5 million copies. As to newspapers, in Ho Chi Minh City alone, there are 38 major newspapers and 14 secondary ones, which are printed only on weekends or at the end of each month—52 newspapers in a single municipality!).

—The contents of newspapers have become more varied than before. Editors in chief are permitted to be responsible to the law for the contents of articles and thus avoid the situation in which they are reluctant to accept articles of "a different tone." The news-disseminating quality of newspapers has clearly improved. More particularly, attention is now paid to the counterinformation received from the basic level. Newspapers are playing a growing role in uncovering such ills as corruption, smuggling, abuse of power by officials, and so on. They are actively taking part in economic advertisement.

—Publishers and newspapers no longer belong to a "non-economic" and "purely political and ideological" field of activity. Their activities have contributed to revitalizing the cultural market, which becomes more and more varied and lively. Most publishers and newspapers have fully practiced profit-and-loss accounting and have made a profit for the first time, thus being able to balance their expenses with their earnings and to lessen the state's financial burden (in many cases, being able to contribute to the state budget).

—Our country's policy of "opening the economic door" and "diversifying and multilateralizing the international relations" can be said to have led to an "explosion" of *international interflow* in all fields, including the publishing and press field. It is obvious that, with our country being integrated into the international community, our publications and newspapers have never before expressed this integrating tendency as fully as they are doing now. On the one hand, they try to keep up with the world as quickly as possible in terms of the dissemination of news in such fields as current events, culture, literature and arts, social activities, sports, and so on. On the other hand, they try to introduce to the people of other countries in a more and more complete and accurate manner the characteristics of our country in all political, economic, historical, cultural, tourist, and other fields so as to let the world understand and know more about the land and people of Vietnam.

This is the field of culture "concurrent" with the *diplomatic* field, in which management by the state is obvious and very necessary. However, we can also easily find *weaknesses*, or in other words, "shortcomings" resulting from "excesses."

—The system of publishing and press organs has been quantatively developed to such an extent that it has become *superfluous*—the function of many publishing houses and many newspapers is not clearly distinguished while they do the same work and repeat what others do (all publishing houses print translated books; many newspapers exploit similar news, such as the private lives of superstars, and so on).

—Although the contents of information are varied and abundant, newspapers often are caught in love stories, murders, and so on, as they have the *tendency* to go after readers.

—Because books and publications become a profit-making commodity, quite a few publishing houses and newspapers *underestimate their political and ideological tasks* and are engaged in responding to the common liking of the new class of city residents who have a lot of money but very little cultural background.

—With the tendency to integrate themselves into international life, quite a few publishing houses and newspapers are less selective in regard to introducing the intellectual sustenance to their readers and, instead, like to look for sensational stories and to give *free advertisement* for *the West's pragmatic and loose way of living*. As to *introducing Vietnam's images* to other countries, it remains *confusing* and unsystematic because of the lack of a centralistic leadership. With very few writers and people having a good command of foreign languages (mainly English), we allow the publication of as many as 38 newspapers in foreign languages, a fact that is conducive to turning these writers and people into a divided, spread out, and duplicable force. None of these newspapers is capable of securing for itself a steady segment of the foreign market. The regrettable result is that the foreign press and reporters play a leading role in informing the world of our country! And they naturally cannot know everything and know correctly about our country, a fact that is conducive to misinformation about our country and our people's renovating work.

The above-mentioned "shortcomings" having to do with the present situation of the state management of publication and the press require that the responsible organs take timely managerial and direction-setting measures. In addition to the objective reasons, we have to admit that the biggest subjective reason is the fact that in the past, the management of publication and the press by the state was *confusing and loose* because some responsible organs, for various reasons, were not fully competent in fulfilling their state-management responsibilities.

Some of our observations and suggestions aimed at overcoming the above-mentioned weaknesses are as follows:

1. We must understand more profoundly the *link* between the state management *regarding culture and ideology* in general and publication and the press in particular, and *the power of the state*. More than any other field, culture and particularly publication and the press are fields that require the state's tight leadership and management.

In this field, the best state management is one that is carried out *by the law*. Going in this direction, in the last few years we issued on a timely basis the *Press Law* (December 1989) and its attached *decrees* (April 1992), and then the *Publication Law* (July 1993) and its attached *decrees* (November 1993).

But it is regrettable that between the legal documents and their actual implementation a rather wide *gap* still remains.

Let us cite an easy-to-see example: Both the *Press Law* and the *Publication Law* do not allow people to establish *publishing houses* or to publish newspapers in the capacity of private individuals. But regrettably, all of us, including those who are directly involved in the management of publication and the press, know that the fact that private individuals use their capital to print books and to publish newspapers in the name of state organizations is a well-known "secret." When private people invest their money in publishing books and newspapers, the first thing they are concerned about is to get back their capital and to make profit, as much profit as possible. As a result, they deeply interfere in the contents of books and articles so as to make sure their books and newspapers satisfy the liking of common customers. Quite a few publishing houses did not sign contracts when they associated with private people and did not point it out when they registered for topics planning, which is a violation of article 10 of *Decree 79 ND/CP*. The problem with "books on specialized subjects," the contents of which were different from the stated publication purposes, became widespread in 1988 and until now has not yet been resolved on the basis of Decision 1906/QD of the Minister of Culture and Information.

We need timely and firm administrative-management decisions in order to put an end to this situation on the basis of an accurate investigation of the establishments that are actually run and managed by private individuals (or by a group of publication and press "gang leaders" who really are state cadres) and to issue decisions on the withdrawal of their publication licenses.

In addition, in the publication and press field, we still lack many laws like the *copyright protection law*, which has not yet gone beyond the stage of drafting and polling. Meanwhile, in society, we encounter the situation in which many works and articles are exploited, plagiarized, copied, transformed, and deliberately used without their authors being consulted and paid, even with "dirt cheap" fees, because they are "forgotten."

We also need *to revise* the articles of the laws, which are only details but in reality *do not agree with one another* or *are not implementable*. There are many examples, but we cite only a few here:

—Item 1 of article 19 of the *Decree* (November 1993) attached to the *Publication Law* states that printing plants can print a publication only when they are shown a "certificate accepting the registration of publication plan" issued as the original copy by the Ministry of Culture and Information. However, half a year after the above-mentioned decree was issued, a circular has recently been made public (by a lower level) to require only a *laterally excerpted* document (i.e., the original copy is no longer required) bearing the title of the book from the publisher's overall plan.

—Item 2 of article 17 of the *Decree* attached to the *Press Law* (April 1992) clearly states that "advertisements cannot occupy more than 10 percent of the total space of a newspaper" and "advertisements cannot be put on the cover of a magazine, nor on the front page of a newspaper." In reality, many newspapers have disregarded these rules. Directive 13/TTg of the Prime Minister (October 1992) prohibits running cigarette advertisements; however, only during the Giap Tuat Tet (Year of the Dog—1994) holidays, as many as nine newspapers violated that directive.

2. We need to have *new planning for the press and publication* in accordance with the following criteria:

—Line, purposes, function, and scope of activities of publishing houses or newspapers.

—Subjects to be served by publishing houses or newspapers.

—Staffs of the press-publication establishments (directors, or editors in chief, desk chiefs, senior reporters, and so on).

These criteria must be very clearly drawn for each and every unit so that the functions of newspapers and publishing houses would not be duplicated and overlapped and would thus lead to confusion and waste of manpower and money.

The state management is very necessary and cannot be substituted by anything else in the field of *drafting topics and publication plans*, for both medium-term and long-term planning up to the year 2000 and later, so as to avoid the situation of "running things from day to day" in publication today.

As for the *foreign affairs press* (published in foreign languages), we must definitely review our work in order to make sure that foreign readers could learn about Vietnam through a reasonable number of publications (5 to 7 newspapers and magazines of good size and specialization having attractive contents and being printed and presented in a manner worthy of international standards), and to put an end to the existence of as many as 38 foreign-language (mostly English-language) newspapers in our country, which in most cases are poorly and carelessly put together and thus are unpresentable for dissemination in in other countries.

3. We need *appropriate investment in publication and newspapers*.

Until now a larger segment of our country's publishing establishments has been left to operate freely in the commercial arena (except for a number of publishing houses and newspapers run by the party, mass organizations, and sectors at the central level and in some provinces and municipalities).

These publishing and press establishments must not only pay salaries to a large group of cadres (the legacy of the period of state subsidies and the difficulty in firing anyone) but also pay taxes to the state, namely a .5 percent tax imposed on publication sales, 8 percent on advertisement receipts, and 35 percent on income.

It is obvious that such an investment and tax policy has unintentionally *pushed* the publishing and press organs into *seeking to boost their income* (by any means, including selling "commercial licenses" to private individuals and underestimating their political and ideological tasks).

In recent years, in spite of the budgetary bind, the state has made great efforts to boost its investment in this field. The Ministry of Culture and Information has actively put into effect the government's Decisions 21/

and 25/TTg on providing teenagers and children with books through the network of 7,000 general school libraries in rural areas, the highlands, and the deep countryside, some 1 million books valued at more than 3 billion dong (not including the government's price support share of over 2 billion dong). In the last year alone, the state provided 3.4 billion dong of support for orders of goods. These are the signs of changes that we must be happy about. The state must attach more importance to providing the publication and press cadres, particularly the key management cadres in this field, with professional and political *elementary and advanced training.*

4. To organize the implementation of the regulations that have been issued is usually a weak link in our state management. In order to overcome this situation, we propose that the superior echelons, on the one hand, pay more attention to consolidating and perfecting the organization and manpower aspects of the managerial machinery and, on the other, strengthen their *control and inspection* work while sternly dealing with the cases of violating the law in the publication and press field.

In short, in regard to the state management in the publication and press field, we propose that we further strengthen *the party's leadership* in this field and provide this leadership with regulations in such a manner as to allow a *full and coordinated implementation of the appropriate economic, educational, and administrative methods*, for the purpose of promoting the development that our party and state have recommended for the publication and press field in particular, and for culture and ideology in general, namely, "to build a *modern and humanistic national culture*" commensurate with the greatness of our people and history.

* Further Discussion of Rural Industrialization

952E0038A Ho Chi Minh City THOI BAO KINH TE SAIGON in Vietnamese Nov 94 pp 17, 41

[Article by Professor Vo Tong Xuan of Can Tho University: "A Policy Framework To Support the Rural Industrialization Strategy (Continued from THOI BAO KINH TE SAIGON, No. 45-94, 3 November 94)"]

[FBIS Translated Text] The National Assembly, acknowledging the importance and urgency of modernizing the nation by industrializing the sectors of the national economy, and realizing that industrialization is a means of developing the economy even though the capabilities of the hinterland are not the ultimate goal that must be attained, must quickly draft a policy framework encompassing the following spheres:

Human resources: Labor in the rural areas is plentiful and salaries are low. Many people have no trade and many are unemployed. Training and vocational guidance must be promoted.

Appropriate science and technology meet only part of the needs for grain and food crop varieties and have not met many other needs of rural areas, as stated above. The experience of other nations in the process of changing over to industrialization is that reorganizing the research and training systems is an urgent requirement because that sphere directly affects the invention of appropriate technologies and the training of people with a higher level of scientific and cultural knowledge, so that they can participate actively in the great undertaking of building a new society and modern civilization. The state must invest appropriately and have a suitable policy to encourage skilled scientists to go to the rural areas to research and apply appropriate technologies for each of the different ecological areas in the nation.

The rural infrastructure: We must repair or build roads leading to the districts and villages, build schools and clinics, etc., and set up mechanized teams to meet the needs for plowing, irrigation, crop protection, and rice threshing. It is especially important to rapidly create "rural preliminary rice processing teams" in the cooperatives or peasants' association chapters. Each of the teams could serve 100 to 150 peasant households and would essentially consist of a rice drying machine with a capacity of four tons per load, a rice milling machine, and a granary. That is the most basic means for helping peasants maintain the quality of rice and the peasants in the team will have their own grain bank.

Comprehensively develop rural areas deep in the interior that are still uncultivated. A development program that combines migration with the development of new towns and the development of areas producing export goods, including the raising, growing, processing, and marketing of products, must be drafted by an inter-sectorial committee, instead of assigning that task to a labor organization, as in the past. Rural development that is highly multi-sectorial and inter-sectorial in nature cannot be organized and fully carried out by a single sector. Malaysia, an agricultural country with the highest average per-capita income in Asia, has applied that method of comprehensive development to stabilize its population and develop export crops in its uncultivated areas. The state very effectively guides international aid funds toward the development of such rural areas. After researching the long-range domestic and foreign market strategies of the Government, the new rural development organization studies detailed plans for the areas that will be developed. On the basis of the relative advantages of the areas, it determines what products the area will produce and what investments are made from the above-mentioned funds to build roads, housing, schools, markets, post offices, and processing plants, and in developing fields to be divided up among the households. Those migrant households, including workers and civil servants who were laid off in the cities, may register to receive a house and land, and are guided in producing according to the plan for the new development zone. All development expenses are considered debts that are divided evenly among the migrants, who must repay the state within 20 years. All products that are produced are marketed quickly, which enables the migrants to repay their debts rapidly and also have more stable and prosperous lives.

Developing markets in the rural areas: In industrializing the rural areas, it is essential to rely on the market to consume the products produced by the localities, especially rice, the most important product of the great majority of the peasants. The agricultural sector must have a system for monitoring changes in the production levels of the provinces and price fluctuations on the international market in order to promptly help the localities with surplus rice to safely export rice in accordance with contracts, without losing credibility with foreign customers, a problem that has been encountered in many places. With regard to rice, perhaps the state only needs to intervene strongly when the production level is in danger of falling 10 percent, or when the international rice prices increase by 10 percent over the normal prices. The state plays an important role in creating domestic and foreign markets, which the businesses can hardly do on their own.

Our domestic market is certainly a very seductive market, so it has attracted investment from many international businessmen. When the production is based on exploiting the advantages of each area, trade among the areas will bustle. For example, mangoes, watermelons, dried fish, fresh fish, etc., can be brought in from the Mekong Delta and longans, litchi, white potatoes, kohlrabi, coal, apatite, etc., can be shipped from north to south.

International markets for Vietnamese products are still greatly dependent on the marketing capabilities of the state and the quality of goods produced in the rural areas. We have opened the door to the outside world at a time when neighboring countries producing similar traditional goods have taken most of the customers. Therefore, we must compete fiercely. Above all, we must have a very friendly foreign policy, foreign trade laws that are stable and in accord with international practices, skilled marketing specialists (including the head of state and leaders of the ministries), and a policy of expanding the exporting rights of private enterprises, which do not yet have rights equal to those of state enterprises. The enterprises in Vietnam must guarantee the quality of products so that foreign products will not overwhelm them. We should not forget our traditional customers in the former socialist bloc, which are now importing agricultural products from other countries. For example, they are eating bananas imported from Latin America.

The financial and investment policy: During the recent period we have had little investment capital and because the subsidy system still exists it has not been used effectively. Because most of the capital has not been used effectively, especially by the state enterprises, there has been a chronic shortage of capital. If that situation persists it will continue to exhaust the state budget. Therefore, requirements that must be met as soon as possible in the process of achieving industrialization and modernization are to rapidly reorganize the state enterprises, improve the management apparatus, and improve technology and equipment. After the state enterprises have been reformed the state must boldly transform some of them into stock companies to mobilize operating capital and reduce the burden on the state. Those are preconditions for a healthy stock market in the future. Many capitalists in Vietnam are awaiting the opportunity of the state having an appropriate and stable policy so that they can invest in production. Meanwhile, we must have a more suitable financial policy to mobilize a large amount of investment capital to develop rural industry, and direct the State Bank to set aside much credit capital for peasants to borrow on a mid-term or long-term basis at an incentive interest rate, so that they can invest in production or set up services. At present the "women's credit teams" and "production alliance teams" in rural areas are developing rather well but are still too small in numbers and are intended to put out one crop or to make miscellaneous purchases, and cannot yet invest in small rural enterprises.

Small rural enterprises set up by private individuals should receive preferential treatment in borrowing capital and with regard to individual and business income taxes, as well as being exempted from import taxes on essential machinery and equipment. If the rural enterprises participate in exporting, an exemption from or reduction of export taxes during the first few years will encourage people to invest.

Prices: One of the factors holding down the incomes of peasants is that the prices of agricultural products, especially rice, do not yet correspond to the real value of Vietnamese money compared to international monetary standards. The present exchange rate (which is higher than the actual value) helps the companies import goods more cheaply, while the value of exported agricultural products is smaller. In the future we must recalculate the exchange rate to achieve harmony between the rural and urban sectors.

Environmental protection: We must launch an industrialization movement but not neglect environmental protection. Ordinarily, when they are impoverished people have few capabilities for protecting the environment but, on the contrary, must exploit the environment to earn a living. Therefore, rural industrialization, with the blossoming of hundreds of rural enterprises with little capital and two or three people who are the owners, operate the machinery, clean up, and deliver and market their goods, environmental safety must receive the all-out attention of local administrators at all levels.

Against the background of the resolutions of the fifth and seventh party Central Committee plenums, the National Assembly must rapidly draft a set of industrialization policies that gives priority to small-scale industrialization in order to provide material incentives to mobilize capital from among the people and guide those sources of capital toward the spheres that have suffered losses, especially the rural sector, and create conditions for those sectors to quickly renovate themselves and become more modern. In researching the experiences of advanced countries in drafting legal systems, we realized that our country's economic development will advance more rapidly if we have more liberal and fairer policies toward the economic components within and without the state sector to develop to the maximum the role of the rural sector, in order to create additional jobs and raise incomes, while also increasing the people's ability to save, increasing budgetary and foreign exchange income, and ensuring sufficient grain for the entire country.

Buddhist Church Official Reportedly Arrested

BK0901162995 (Internet) SEASIA Listserv in English 6 Jan 95

["Press release" issued by the International Buddhist Information Bureau on 5 January; place not given: "Unprecedented security sweep continues in Vietnam: Thich Quang Do, secretary general of the Unified Buddhist Church is arrested in Ho Chi Minh City"]

[FBIS Transcribed Text] The Unified Buddhist Church in Vietnam (UBCV) has just informed the Vietnam Committee on Human Rights that Venerable [Ven.] Thich Quang Do, Secretary General of the UBCV was arrested at Thanh Minh Pagoda, 90 Tran Huy Lieu Street in Phu Nhuan Ward, Ho Chi Minh City at 3.15 pm on Wednesday 4th January 1995. The Pagoda was raided by Security Police only a few days earlier on December 31st 1994. Ven. Quang Do's detention closely follows that of the UBCV Patriarch, Thich Huyen Quang, who was arrested last week in Quang Ngai.

Ven. Thich Quang Do (secular name Dang Phuc Tue, born in Thai Binh, North Vietnam on November 27th 1928), is a well-known writer and scholar, and one of the UBCV's highest ranking dignitaries. He was named by the former Patriarch Thich Don Hau to assist Thich Huyen Quang at the leadership of the UBCV after the Patriarch's death in 1992. One of the foremost advocates of UBCV's movement for religious freedom, Ven. Quang Do was first imprisoned with Ven. Huyen Quang in 1977, tortured and detained in solitary confinement for 20 months, then released in December, 1978 as a result of international pressure. Both monks were nominated in 1978 for the Nobel Peace Prize, and are adopted by Amnesty International as prisoners of conscience.

In 1982, Ven. Quang Do was sent into forced exile in Thai Binh, North Vietnam and detained under house arrest because of his strong opposition to the creation of the State-sponsored Vietnam Buddhist Church [VBC] set up in 1981. His mother, then aged 84, was exiled with him. She died of hunger and cold in 1985. The reason given for his arrest was that "by carrying out religious activities, you are ipso facto carrying out political activities". Ven. Quang Do persistently claimed the right to a fair trial, and wrote to the authorities on 9.1.1984: "I should be judged in public for the crime which caused you to decide my banishment, to see if the punishment inflicted on me is proportional to the crime. If it is sufficient, give me back my freedom. If not, increase the sentence. As far as the death penalty if my crime has merited it..." [sentence as received]

A relentless critic of Government policies, Ven. Quang Do has nevertheless been held in respect by the Communist authorities. In March 1990, Mai Chi Tho (then Minister of the Interior) visited Ven. Quang Do at his exile home in Thai Binh and invited him to become Abbot of Quan Su Pagoda in Hanoi, a Pagoda belonging to the State- sponsored VBC. He refused, saying "If you release me, you must let me go back to the place where I was arrested". In 1992, although he had not been formally released from house arrest, he left North Vietnam and returned to his former residence in Thanh Minh Pagoda, Ho Chi Minh City.

In Ho Chi Minh City, Ven. Quang Do continued to campaign for State recognition of the UBCV. In defiance of the Government prohibition of UBCV activities, he put up a sign over Thanh Minh Pagoda's entrance inscribed "Exiled Secretariat of the Unified Buddhist Church" and called on Buddhists all over the country to restore UBCV signs on Pagodas which had been torn down after the creation of the VBC in 1981 (10.10.1994).

In October 1994, Ven. Quang Do strongly condemned the arrest of UBCV monks organising the Rescue Mission for flood victims in the Mekong Delta in a "Declaration" to the authorities: "What crimes has the UBCV committed? What crimes have Ven. Huyen Quang and myself committed? The Government should make it plain and clear, and punish us by law if we are guilty. But the victims of the floods have committed no crime, and our Rescue Mission is a humanitarian act... By impeding the UBCV relief operation, the Government is gravely violating basic civil rights and democratic freedoms, there can be no doubt about it!".

In August 1994, the Government attempted to strike a bargain with Ven. Quang Do. Officials from the Ministry of the Interior visited him at Thanh Minh Pagoda and offered to give Thich Huyen Quang and himself important posts in the State-sponsored VBC if they agreed to dissolve the UBCV and integrate it into the State-sponsored body. The monks both refused. Later that month, he clarified the UBCV's position and his own viewpoint in a letter to Communist Party Secretary General Do Muoi, along with an audacious, 44-page critique entitled "Analysis of the Errors of the Vietnamese Communist Party in regards to the Nation and to Buddhism in Vietnam". In his letter to Do Muoi, Ven. Quang Do described his experiences of persecution under successive periods of Communist rule:

"49 years ago (in North Vietnam), my Master, Thich Duc Hai, was publicly executed by the communist authorities at 10.00 am on 19.8.1945... My uncle Thich

Dai Hai (the Dharma brother of my Master), Superior monk of Phap Van Pagoda (Bac Ninh) was arrested by the communists in 1946 and died shortly afterwards... in 1954, my Dharma Grandfather, Thich Thanh Quyet, Superior monk of Tra Lu Pagoda in Nam Dinh, was accused by the communists of 'using religion as the opium of the people'... Knowing he would be subjected to public denunciation, he hung himself...".

"My turn to be imprisoned by the communists came on 6.4.1977, then again on 25.2.1982, when I was exiled to Vu Doai village in Thai Binh... on 10.2.1982, they condemned my mother to share my fate... Suffering from a chronic lack of food and severe cold, she died in January 1985... I was detained under house arrest for 10 years and 27 days.."

"The reason I am telling you about the tragic deaths of those I loved most, or about my own incarceration over the past ten years is because these experiences qualify me to speak out on behalf of all those who have suffered under communism. In the 'Analysis' which I am sending you enclosed, my aim is to vindicate my Masters, and elucidate the grave offences committed by the Vietnamese Communist Party against the Vietnamese people in general, and against Buddhists in particular".

The arrest of Patriarch Thich Huyen Quang and Thich Quang Do marks a turning point in the long-running conflict between the UBCV and the Communist authorities. Following the imprisonment of UBCV dignitaries in Hue and Ho Chi Minh City over the past 18 months, virtually all the UBCV leadership is now in prison or under house arrest. The Government appears determined to deploy all efforts to suppress the Unified Buddhist Church of Vietnam once and for all, in disregard of its binding human rights obligations to the international community.

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